

ATTACHMENT 1-A

AMENDED HOME LOAN AGREEMENT

by and between

CITY OF EVERETT

and

HOUSING HOPE

for the

KENNEDY COURT IMPROVEMENT PROJECT

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| | <u>Page</u> |
|---|-------------|
| Recitals | 1 |
| I. GENERAL AGREEMENT | 3 |
| A. Designation..... | 3 |
| B. The Loan; Project Budget; Rent Subsidies | 3 |
| C. Promissory Note; Deed of Trust..... | 4 |
| D. Assignment of Obligations | 5 |
| E. Covenant Agreement..... | 5 |
| F. Notice to Proceed | 5 |
| G. Term of Agreement (Minimum HOME Compliance Period) | 5 |
| H. Agency Operations | 6 |
| I. Obligations Following Termination..... | 6 |
| J. Term for Expenditure of HOME Funds | 7 |
| K. Capitalized Terms..... | 7 |
| L. Title Insurance | 7 |
| II. PROGRAM REQUIREMENTS | 7 |
| A. Uniform Administrative Requirements | 7 |
| B. Other Federal Requirements | 8 |
| C. Certification Regarding Lobbying..... | 8 |
| D. Limitation on Consultant Compensation | 8 |
| E. Minority Outreach | 8 |
| F. Affirmative Marketing | 8 |
| G. Affirmative Action..... | 8 |
| H. Compliance with Section 3 in Provision of Training, Employment and Business Opportunities | 9 |
| I. Equal Opportunity | 9 |
| J. Non-Discrimination | 10 |
| K. Environmental Review..... | 10 |
| L. Displacement, Relocation, and Acquisition | 12 |
| M. Lead-Based Paint | 12 |
| N. Architectural and Construction Standards | 13 |
| O. Rehabilitation Standards..... | 13 |
| P. Architectural and Engineering Services | 13 |
| Q. Procurement Contracts | 13 |
| R. Labor Standards | 14 |
| S. Debarred and Suspended Parties..... | 15 |
| T. Personal Interest..... | 15 |
| U. Conflict of Interest..... | 16 |
| V. Certain Acts Prohibited | 18 |
| W. Public Information | 19 |
| X. Religious or Faith-Based Organizations | 19 |

| | | |
|------|---|----|
| III. | USE OF PROPERTY..... | 20 |
| A. | Beneficiaries | 20 |
| B. | Period of Affordability..... | 21 |
| C. | Rent Restriction: | 21 |
| D. | Designation of HOME Units; Floating Units | 22 |
| E. | Qualification as Affordable Rental Housing and Other HOME Provisions .. | 23 |
| F. | Maintenance | 24 |
| G. | Taxes, Assessments, and Encumbrances | 25 |
| H. | Eligibility for Admission | 25 |
| I. | Resident Selection Procedures; Management Plan..... | 25 |
| J. | Lease and Occupancy Procedures | 26 |
| K. | Damage/Replacement Charges..... | 27 |
| L. | Termination of Lease | 27 |
| M. | Management and Maintenance | 27 |
| N. | Transfer, Sale, Change of Use, Project Restructuring | 28 |
| IV. | FISCAL MANAGEMENT..... | 29 |
| A. | Eligible Costs | 29 |
| B. | Payments and Disbursements..... | 29 |
| C. | Budget Revisions and Other Adjustments | 31 |
| D. | HOME Award Retainage | 32 |
| E. | Repayment of HOME Funds..... | 32 |
| F. | Budget Surplus | 33 |
| G. | Required Reserves | 33 |
| H. | Use of Income from Operations | 34 |
| I. | Insurance | 35 |
| J. | HOME Maximum Subsidy Limits | 40 |
| V. | RECORDS AND REPORTS..... | 40 |
| A. | Records | 41 |
| B. | Reports | 43 |
| VI. | ENFORCEMENT OF THE AGREEMENT | 46 |
| A. | Disputes..... | 46 |
| B. | Breach by Agency; Termination by County..... | 46 |
| C. | Non-Waiver of Breach | 47 |
| D. | Governing Law and Venue Stipulation..... | 47 |

| | |
|--|----|
| VII. MISCELLANEOUS PROVISIONS | 48 |
| A. Relationship of the Parties | 48 |
| B. Hold Harmless and Indemnification | 48 |
| C. Recording of Documents | 48 |
| D. Rights in Data | 49 |
| E. Evaluation | 49 |
| F. Severability | 49 |
| G. Entire Agreement—Modification | 49 |
| H. Notices | 50 |
| I. Gender | 50 |
| J. Captions | 50 |
| K. Time of the Essence | 50 |
| L. Oral Agreements | 50 |

EXHIBITS

| |
|--|
| A. Project Description, with Attachment 1 – Property Legal Description |
| B. Approved Contract Budget |
| C. Form of Promissory Note |
| D. Form of Deed of Trust |
| E. Form of Use Restriction Covenant Agreement |
| F. Certification Regarding Lobbying |
| G. Request for Reimbursement/Actual Expenditure Report |
| H. Report of Actual Expenditures |
| I. Rental Housing Completion Report |

AMENDED HOME LOAN AGREEMENT

This Amended HOME Loan Agreement ("Loan Agreement") is made by and between City of Everett, a municipal corporation of the State of Washington (the "City") and Housing Hope, a Washington non-profit corporation (hereinafter "the Agency"), to undertake the rehabilitation of that certain existing affordable housing project referred to as **Kennedy Court Improvement Project** (as more fully described in **Exhibit A** attached hereto and incorporated herein by this reference, the "Project"), and is dated as of _____, 2016 ("Execution Date").

WHEREAS, the federal government has enacted the National Affordable Housing Act, which created the HOME Investment Partnerships Program ("HOME Program") administered by the United States Department of Housing and Urban Development ("HUD") through regulations at 24 Code of Federal Regulations ("CFR") Part 92 ("HOME Regulations"); and

WHEREAS, Snohomish County, a political subdivision of the State of Washington (the "County") is a participating jurisdiction and receives annual block grants of funds from HUD under the HOME Program; and

WHEREAS, the affordable housing needs that guide the County's distribution of these funds are identified and assessed in the County's HUD-mandated and 2015-2019 Consolidated Plan for Housing and Community Development (the "County Consolidated Plans"), which Consolidated Plan identifies rental housing opportunities for households with incomes at or below 80% of the area median income ("Low-Income") as an important housing need; and

WHEREAS, for those HOME Program purposes, the County and the City on September 9, 2011, executed an interlocal cooperation agreement to form a consortium for federal fiscal years 2012 - 2014, and renewed for 2015 - 2017; such agreement providing for automatic renewal every three years thereafter (as subsequently amended, the "Interlocal Agreement"); and

WHEREAS, the Interlocal Agreement identifies the City as the subrecipient to administer the HOME Program within the City of Everett and specifies that the City shall receive twenty-one percent (21%) of the annual County HOME allocation for eligible projects selected by the City; and

WHEREAS, the affordable housing needs that guide the City's distribution of these funds are identified and assessed in the City's HUD-mandated 2015-2019 Consolidated Plan for Housing and Community Development (the "City Consolidated Plan"), which City Consolidated Plan identifies rental housing opportunities for households with incomes at or below 80% of the area median income ("Low-Income") as an important housing need; and

WHEREAS, Housing Hope, a Washington non-profit corporation ("Housing Hope" or an "Agency"), has applied to the City for HOME funds to conduct the rehabilitation of Kennedy Court Improvement Project, and has demonstrated capability to operate such a program effectively; and

WHEREAS, the Agency has applied for HOME funds for the rehabilitation of an existing affordable housing project located in Everett, WA for the Project, to provide affordable rental housing to Snohomish County households with incomes at or below fifty percent (50%) of the area median income ("Very Low-Income"), and to serve very low-income families, at the real property located at 3228, 3230 and 3232 Norton Avenue, Everett, WA 98201 (hereinafter "the Premises"), legally described in **Attachment 1 of Exhibit A** attached hereto and incorporated herein by this reference; and

WHEREAS, the City Council of the City of Everett by Resolution No.6850, approved the PY2015 Action Plan for HOME Investment Partnership Program (HOME) funds, including the Project; and

WHEREAS, the City Council of the City of Everett by Resolution No.6931, approved an amendment to the Snohomish County 2015-2019 Consolidated Plan, reallocating an additional \$145,000 of HOME Investment Partnership Program (HOME) funds to the Project; and

WHEREAS, the Agency will be the borrower of City of Everett HOME funds and will own and operate the Project in conformance with the terms and conditions of this Loan Agreement;

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties agree as follows:

I. GENERAL AGREEMENT

The Agency hereby agrees, for the purpose of providing rental housing for Very Low-Income families, to receive and utilize HOME funds in the amount of Five Hundred Seventy-Three Thousand Two Hundred Ninety-Eight dollars (\$573,298) for rehabilitation of the Kennedy Court Improvement Project (the "Project"), in accordance with the terms of the 2015-2019 Consolidated Plan, as amended, which Consolidated Plan is incorporated herein by this reference. Failure to comply with any of the terms and conditions of this Loan Agreement may lead to suspension or termination of HOME funding to the Agency.

In any case where the City's consent or approval is required by the terms of this Loan Agreement, the City agrees that it shall not unreasonably withhold, condition or delay the same.

A. Designation

Contingent upon release of funds from HUD, the Agency expressly agrees to undertake, the Kennedy Court Improvement Project, as a HOME Program Project within the HOME Investment Partnerships Act of 1990, as now or hereafter amended (hereinafter the "Act").

As a rental housing project, the Project must comply with the provisions of 24 CFR §92.252 Qualification as Affordable Rental Housing, and §92.206 Eligible Project Costs. The undertaking of the Project shall be in full accord with the Act, and all rules and regulations promulgated pursuant to the Act and the HOME Regulations, including the 2013 HOME Final Rules issued by HUD, and referenced in the Rules and Regulations in the Federal Register, Vol. 78, No. 142, July 24, 2013. The Agency agrees to comply fully with all applicable federal, state, and local laws, ordinances, and regulations in activities funded in whole or in part with funds provided through this Loan Agreement and in carrying out the Project described in Exhibit A and with all other terms of this Loan Agreement.

B. The Loan; Project Budget; Rent Subsidies

1. The Agency is hereby provided a three percent (3%) simple interest loan in the amount of Five Hundred Seventy-Three Thousand Two Hundred Ninety-Eight dollars (\$573,298) (the "Loan") for the full undertaking and performance of the Project. Principal and interest payments shall be deferred for the term of the Loan.

However, if the Property is sold, refinanced, transferred, the use changes during the term of the Loan Agreement, or the Agency is materially out of compliance with the terms and conditions of this Loan Agreement and after

notice the noncompliance remains uncured, the loan amount and any accrued interest, shall be due and payable to the City within thirty (30) days of such event.

The Loan is provided to the Agency for the undertaking and performance of the Project. The Loan may be amended from time to time in the manner described elsewhere in this Loan Agreement, so long as the same remains consistent with the object of Exhibit A, as now or hereafter amended. The sum of any amendments to the Loan and this Agreement may only be expended in accordance with the budget contained in **Exhibit B** attached hereto, which is incorporated herein by reference, as may hereafter be amended (the "Project Budget").

The Agency shall manage the Project so that Project activity costs do not exceed the Project Budget. Further, the Agency shall absorb all costs in excess of the authorized Loan amount.

2. Rental Subsidy. If the Project receives or is expected to receive, Federal Section 8 assistance or any other similar rental assistance; should Agency's Section 8 or other rental assistance eligibility or participation be reduced or terminated, Agency will continue to serve the target population, as described in Exhibit A of this Agreement.

If applicable, Agency must continue to apply for Federal Section 8 subsidies or other rental assistance as long as they are available. It is the responsibility of the Agency to notify the City or its designee in a timely manner of any termination or reduction in Section 8 or other rental assistance and whether such termination or reduction results in the Project failing to meet any applicable debt service coverage or expense coverage requirements.

C. Promissory Note; Deed of Trust

The Loan shall be evidenced by a non-recourse Promissory Note in the form of **Exhibit C**, attached hereto and incorporated herein by this reference (the "Promissory Note").

The Agency shall cause the Promissory Note to be secured by a Deed of Trust in the form of **Exhibit D**, attached hereto and incorporated herein by this reference. The Deed of Trust shall secure repayment of all funds provided under this Loan Agreement for rehabilitation of real property pursuant to the terms of this Loan Agreement.

Prior to execution of the Deed of Trust for rehabilitation of real property under this Loan Agreement, the Agency shall submit to the City verification of its ownership interest in the property and of mortgage balances and recorded liens against the real property to be rehabilitated.

D. Assignment of Obligations

Except as set forth herein, the Agency shall not assign any of its obligations under this Loan Agreement, but shall remain obligated at all times to perform according to the terms of this Loan Agreement.

E. Covenant Agreement

The Agency shall execute a Use Restriction Covenant Agreement (hereinafter "the Covenant Agreement") in the form of **Exhibit E**, attached hereto and incorporated herein by this reference. The Covenant Agreement shall remain prior and superior to any additional liens, encumbrances, or financing instruments secured by or in any way associated with the Project that would otherwise have priority over the Covenant Agreement, including but not limited to any deed of trust to which the City may subsequently agree to subordinate the mortgage it holds.

The Agency shall cause any subsequent mortgagee or lienholder on the Project to be approved in writing by the City and shall require such mortgagee or lienholder to agree to subordinate the lien of its security instruments, if any, to the Covenant Agreement.

F. Notice to Proceed

The City shall furnish the Agency with written Notice to Proceed upon release of funds from the County via HUD related to the Project pursuant to 24 CFR Part 58. No work on the Project prior to the Notice to Proceed shall occur without prior written approval from the City.

G. Term of Agreement, HOME Compliance Period

The term of this Loan Agreement, as amended, will commence on September 25, 2015 ("Effective Date") and will expire in forty (40) years ("Term") from the Effective Date which shall be September 30, 2055, the End Date ("End Date").

This Amended Agreement supersedes and replaces the Original Agreement in its entirety as of the date this Amended Agreement is fully executed by all parties ("Execution Date").

In addition, the Project shall remain in compliance for the periods further designated herein:

For HOME-Assisted Units ("HOME-Assisted Units"), the HOME Program Compliance Period as defined in this Sections I.G below, and Exhibit A, to serve the target population will commence on the Effective Date of the Loan

Agreement and continue through **September 30, 2030**, ("HOME Program Compliance Period")

Throughout the HOME Program Compliance Period, as specified in the Use Restriction Covenant Agreement, the HOME-Assisted Units shall remain affordable and in compliance with the HOME requirements until **September 30, 2030**.

Minimum HOME Compliance Period – The minimum period of affordability for HOME-Assisted Units shall be not less than the applicable period specified in 92.252(e) as follows:

| Activity | Average Per-Unit HOME \$ | Minimum Affordability Period |
|---|----------------------------|------------------------------|
| Rehabilitation or acquisition of existing housing | <\$15,000/unit | 5 years |
| | \$15,000 - \$40,000 / unit | 10 years |
| | >\$40,000 / unit | 15 years |
| Refinance of rehabilitation project | Any \$ amount | 15 years |
| New construction or acquisition of new housing | Any \$ amount | 20 years |

This Loan Agreement may be terminated by the City as provided in Section VI-B hereof.

H. Agency Operations

The Agency shall provide or cause to be provided administrative, fiscal, and management services; employ staff; and purchase, rent, and use supplies and materials as needed to operate, maintain, and protect the Project in accordance with this Loan Agreement, the HOME Program statutes and the HOME Regulations. This shall include, but not be limited to, compliance with the grounds and procedures governing grievance hearings as set forth in the HOME Regulations. In addition, grievance hearings, conferences, notices, and summaries pursuant to this Loan Agreement shall be in English or in the language of the majority of residents.

I. Obligations Following Termination

Following expiration or termination of this Loan Agreement, the Agency's obligations to the City shall remain in full force and effect until all closeout requirements are completed. The obligations of the HOME-Assisted Units shall

remain in compliance with all HOME requirements until the completion of the HOME Compliance Period. Closeout requirements comprise all actions required to demonstrate to the City's satisfaction that all terms and conditions of the Agreement have been fulfilled, including, but not limited to, disposition of tangible property and provision of reports and data.

J. Term for Expenditure of HOME Funds and Project Completion

The Agency shall fully disburse the HOME funds provided under this Loan Agreement for the development of the Project in accordance with the terms hereof according to the following schedule: All HOME funds must be expended and the Project completed by December 31, 2017.

K. Capitalized Terms

All capitalized terms used but not defined herein shall have the meanings ascribed to them in 24 CFR Parts 91 and 92. In addition, the meanings of capitalized terms defined herein are qualified in their entirety by reference to the definitions contained in 24 CFR Part 92.

L. Title Insurance

Prior to the disbursement of funds under this Loan Agreement, the Agency shall provide the City with an ALTA Extended Lender's title insurance policy on the Premises in the amount of \$573,298. In the event additional funds are advanced to the Agency under this Loan Agreement, prior to the disbursement of those funds, the Agency shall provide the City with an endorsement to the foregoing title insurance policy that increases the amount of the insurance to include the amount of the additional funds.

Said title insurance policy shall show at the time of the execution of this Loan Agreement no liens, encumbrances, or financing instruments secured by or in any way associated with the Premises except:

1. Schedule B general exceptions listed on the title insurance policy; and
2. Any Schedule B special exceptions, if any, listed on the title insurance policy.

II. PROGRAM REQUIREMENTS

A. Uniform Administrative Requirements

As required by 24 CFR § 92.505(b), the Agency shall conform its performance under this Agreement to the requirements of the specified OMB Circulars, as applicable, 2 CFR Part 200, and 24 CFR Part 84 as they relate to the acceptance and use of federal funds under this Agreement.

B. Other Federal Requirements

The federal requirements set forth in 24 CFR § 92.350 are applicable to the Agency as a participant in the HOME Program. The requirements of that section include: nondiscrimination and equal opportunity; disclosure requirements; debarred, suspended or ineligible contractors; and drug free workplace. The federal nondiscrimination requirements set forth at 42 U.S.C. § 12832 and relating to race, color, religion, ethnic or national origin, gender, age, familial status, and non-disqualifying handicaps also are applicable.

C. Certification Regarding Lobbying

The Agency shall comply with **Exhibit H**, attached hereto and incorporated herein by this reference, concerning prohibitions and requirements for disclosure and certification related to lobbying.

D. Limitation on Consultant Compensation

The rate of compensation of certain persons providing consultant services shall be limited as provided by 24 CFR § 92.358.

E. Minority Outreach

The Agency shall take affirmative action to encourage the use of minorities' and women's business enterprises (hereinafter "WMBE") in connection with HOME-funded activities. In order to meet this goal, the Agency shall, for all its Project contracts funded wholly or in part with County HOME funds, demonstrate a good faith effort to attain 7.7% WMBE participation. The Agency shall submit an annual report to Snohomish County of all contracts of \$25,000 or more related to the Project and funded by HOME funds.

F. Affirmative Marketing

The Agency shall adopt and implement affirmative marketing procedures and requirements in compliance with 24 CFR § 92.351(a). The Agency shall submit the affirmative marketing procedures and requirements to the City for its review and approval.

G. Affirmative Action

The Agency shall take affirmative action to overcome the effects of any prior discriminatory practice which tends on the grounds of race, color, religion, ethnic or national origin, age, handicap, or gender to exclude or limit individuals from participating in the Project, to deny them the benefits of the Project, or to subject them to discrimination under the Project.

H. Compliance with Section 3 in Provision of Training, Employment and Business Opportunities

This Loan Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. § 1701u), as amended; the HUD regulations issued pursuant thereto at 24 CFR Part 135; and any applicable rules and orders of HUD issued thereunder prior to funding approval by HUD of this grant relating to employment opportunities for Project-area businesses and low-income persons. The Agency shall cause or require to be inserted in full, in all contracts and subcontracts for work financed in whole or in part with assistance provided under this Loan Agreement, the Section 3 clause set forth in 24 CFR § 135.38. The Agency shall provide such copies of 24 CFR Part 135 as may be necessary for the information of parties to contracts required to contain the Section 3 clause.

The City has identified its Section 3 area as that area within the corporate boundaries of Snohomish County. The term "low-income" includes low-income unemployed residents of Snohomish County. The Agency will, to the greatest extent feasible, provide employment opportunities to those individuals.

The Agency shall comply with all the Section 3 reporting requirements.

I. Equal Opportunity

The Agency and its contractors performing work funded in whole or in part under this Loan Agreement are subject to and shall at all times comply with applicable state and federal statutes and laws, as may hereafter be amended, including but not limited to: Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and 24 CFR Parts 1 and 2 (Nondiscrimination in Programs or Activities Receiving Federal Financial Assistance); Title VIII of Civil Rights Act of 1968 (P.L. 90-284) and 24 CFR § 115 (Nondiscrimination in Housing); Executive Order No. 11063 (Equal Opportunity in Housing); Section 109 of the Housing and Community Development Act of 1974 (42 U.S.C. § 5309) and 24 CFR § 570.602 (Nondiscrimination in any Program or Activity); Executive Order No. 11246, as amended; 41 CFR Part 60 (Regarding Nondiscrimination in Employment); Executive Orders Nos. 11625, 12432, and 12138; Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794) (handicapped); The Age Discrimination Act of 1975 (P.L. 94-135), as amended; Discrimination Prohibitions under Chapter 49.60 RCW; and the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq. and implementing regulations at 28 CFR Part 35, as amended.

The Agency agrees that it will assist and cooperate actively with the City, HUD, and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the statutes and laws referred to in this section of the Loan Agreement and the rules, regulations, and relevant orders of the Secretary of

Labor; that it will furnish the City, HUD, and the Secretary of Labor such information as they may require for the supervision of such compliance; and that it will otherwise assist the City, HUD, and the Department of Labor in the discharge of the Department of Labor's primary responsibility for securing compliance. The Agency will also ensure the compliance of contractors and subcontractors with state requirements pertaining to equal opportunity.

J. Non-Discrimination

1. County Human Rights Ordinance

The Agency shall comply with Washington's Law against Discrimination, Chapter 49.60 RCW, and the Snohomish County Human Rights Ordinance, Chapter 2.460 SCC, which is incorporated herein by this reference. These laws protect against specific forms of discrimination in employment, credit transactions, public accommodation, housing, city and county facilities and services, and city and county contracts.

Execution of this Loan Agreement constitutes a certification by the Agency of the Agency's compliance with the requirements of Chapter 2.460 SCC. If the Agency is found to have violated this provision, or to have furnished false or misleading information in an investigation or proceeding conducted pursuant to Chapter 2.460 SCC, this Loan Agreement may be subject to a declaration of default and termination at the City's discretion. This provision shall not affect the Agency's obligations under other federal, state, or local laws against discrimination.

2. Federal Non-discrimination

The City shall and shall cause the Agency to comply with HUD Final Rule, "Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity," 70 Fed. Reg. 5,662 (Feb. 3, 2012) (to be codified at 24 C.F.R. Parts 5, 200, 203, 236, 291, 570, 574 and 982).

K. Environmental Review

1. NEPA

Pursuant to 24 CFR § 92.352(b)(1), the County retains responsibility for environmental review, decision making and action for purposes of fulfilling requirements of the National Environmental Policy Act ("NEPA") for each activity carried out with HOME funds. The County may require the Agency to furnish data, information, and assistance for its review and assessment in order for the County to fulfill its responsibilities, including determining whether the County must prepare an Environmental Impact Statement.

2. SEPA

The Agency retains responsibility for fulfilling the requirements of the State Environmental Policy Act ("SEPA") and regulations and ordinances adopted thereunder.

3. Compliance as a Pre-Condition

Notwithstanding any provision of this agreement, the parties hereto agree and acknowledge that this agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by Snohomish County of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58. The parties further agree that the provision of any funds to the project is conditioned on the participating jurisdiction's determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review.

Performance by the Agency under this Loan Agreement shall include satisfaction of all applicable requirements of the National and State Environmental Policy Acts. No funds may be committed to a HOME activity or project before completion of the environmental review and approval of the request for release of funds and related certification, except as authorized by 24 CFR Part 58.

4. Contracting Requirements

a. This Loan Agreement is subject to the requirements of the Clean Air Act, as amended, 42 U.S.C. § 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1351 et seq., and the regulations of the Environmental Protection Agency with respect thereto, as amended from time to time. In compliance with said regulations, the Agency shall enforce and cause or require to be inserted in full in all contracts and subcontracts, with respect to any nonexempt transaction thereunder funded with assistance provided under this Loan Agreement, the following requirements:

- 1) A stipulation by the contractor or subcontractor that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the List of Violating Facilities issued by the Environmental Protection Agency ("EPA") pursuant to 40 CFR § 15.20, as amended;
- 2) Agreement by the contractor to comply with all the requirements of Section 114 of the Clean Air Act, as amended (42 U.S.C. § 1857c-8), and Section 308 of the Federal Water Pollution Control Act, as

amended (33 U.S.C. § 1318), relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in said Section 114, Section 308, and all regulations and guidelines issued thereunder;

- 3) A stipulation that, as a condition for the award of the contract, prompt notice will be given of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized or to be utilized for the contract is under consideration to be listed on the EPA List of Violating Facilities; and
- 4) Agreement by the contractor that it will include or cause to be included the criteria and requirements referred to in this section in every non-exempt subcontract, and that it will take all appropriate actions to enforce these requirements.

- b. In no event shall any amount of the assistance provided under this Loan Agreement be utilized with respect to a facility which has given rise to a conviction under Section 113(c)(I) of the Clean Air Act or Section 309(c) of the Federal Water Pollution Control Act.

L. Displacement, Relocation, and Acquisition

Any displacement of persons, businesses, or non-profit organizations occurring as the result of demolition, conversion in use, rehabilitation or acquisition of real property for an activity assisted by this Loan Agreement shall comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. § 4201 et seq.), its implementing regulations at 49 CFR Part 24, and Section 104(d) of the Housing and Community Development Act. In the event any occupant is deemed by the City, the County or by a higher authority to have been displaced due to assistance provided under this Agreement and thereby to be entitled to relocation assistance under these authorities, the Agency shall be solely responsible for providing the required assistance and paying all costs thereof, and the Agency shall hold the City and the County harmless from any liability for such assistance. If there is displacement or relocation, the Agency shall follow a relocation plan for current residents of the Premises that has been pre-approved by the County prior to any displacement or relocation of residents.

M. Lead-Based Paint

The Project shall be conducted and administered in compliance with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. §§ 4851-4856), and implementing regulations at 24 CFR Part 35, subparts A, B, J, K, M, and R, and

with any and all applicable laws, regulations or standards hereafter enacted or issued with regard to lead-based paint.

N. Architectural and Construction Standards

Any facility constructed or rehabilitated pursuant to this Loan Agreement shall comply with applicable design requirements of the Federal Architectural Barriers Act of 1968; Chapter 70.92 RCW; Section 8 Existing Housing Standards, 24 CFR Part 882; the Model Energy Code published by the Council of American Building Officials; Cost Effective Energy Conservation Standards, 24 CFR Part 39; and the Uniform Federal Accessibility Requirements, as required by 24 CFR Part 8. The Agency shall condition any lower tier transactions made with assistance under this Loan Agreement to compliance with those applicable standards.

O. Rehabilitation Standards

The scope of rehabilitation of the Project must meet or exceed the minimum housing rehabilitation standards set forth in the Snohomish County Urban County Consortium Rehabilitation Standards for HOME-Funded Projects and Programs, dated February 26, 2014.

P. Architectural and Engineering Services

With regard to the capital improvements specified in Exhibit A under this Loan Agreement, the Agency shall administer the Project in such a way as to ensure completion of the Project satisfactory to the City. At a minimum, the Agency shall use the services of a professional architect or engineer to perform Project design and contract administration. The Agency shall require that all architectural or engineering firms subcontracted for services certify that they are authorized to do business in the state of Washington and that they are in full compliance with the requirements of the Board of Professional Registration, and applicable requirements under Washington state law. The Agency shall require that all architectural or engineering firms be covered by Professional Liability Errors and Omissions Insurance in an amount not less than the \$1,000,000 Occurrence/\$1,000,000 Aggregate. The Agency shall cause the subcontractor to provide the City with a 30-day prior written notice of cancellation issued by the insurance company.

Q. Procurement Contracts

1. The following provisions apply to procurements of supplies, equipment, construction, or other services financed in whole or part under this Loan Agreement:
 - a. The Agency, as the owner and developer, is a public agency, is subject to federal procurement requirements contained in the applicable uniform

administrative requirements as set forth at Section II-A of this Loan Agreement.

- b. All procurement contracts financed in part or in whole with funds under this Loan Agreement shall contain insurance provisions that at a minimum are equal to those insurance provisions contained in SUB-GRANTEE GENERAL CONDITIONS--General Conditions Construction Contracts Assisted Under the City of Everett as those provisions may be amended from time to time.
- c. Bid procedures and bid documents must be approved by the City prior to award of any contracts for construction services for capital improvements financed in whole or in part under this Loan Agreement, which approval will not be unreasonably withheld.
- d. Procurement contracts funded under this Loan Agreement are subject to the requirements of Section 3 of the HUD Act of 1968, as amended, as referenced at Section II-H of this Loan Agreement.
- e. For any procurement contracts funded under this Loan Agreement, the Agency shall comply with the Equal Opportunity requirements referenced at Section II-I of this Loan Agreement.
- f. The Agency agrees that it will incorporate into every procurement contract funded under this Loan Agreement substantially the following provision:

Records: The Contractor agrees to provide duly authorized representatives of the Agency, Snohomish County, and federal and state agencies access to any books, documents, papers, and records of the Contractor which are pertinent to contract performance for the purpose of making audit examination, excerpts, and transcriptions.

- 2. The Agency shall procure all materials, property, supplies, or services in accordance with the requirements in the City of Everett Purchasing Guidelines and the Snohomish County Environmentally Preferable Purchasing and Product Utilization Policies.

R. Labor Standards

- 1. Any contract for the construction (rehabilitation or new construction) of affordable housing with twelve (12) or more HOME Program assisted units, must contain a provision requiring that Project construction contractors and subcontractors pay their laborers and mechanics at wage rates not less than the wages prevailing on similar construction in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 327-332). Participating jurisdictions, contractors, subcontractors, and other

participants must comply with regulations issued under that Act and with other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable. The City shall require certification as to compliance with the provisions of this section before making any payment under this Agreement.

2. The City is not responsible for determining whether prevailing wage applies to this project or for any prevailing wage payment that may be required by law. Agency is advised to consult the Washington Department of Labor and Industries and/or private counsel to determine whether prevailing wages must be paid. Agency will comply with applicable prevailing wage rules set forth in chapter 39.12 RCW, including the filing of the "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Wages Paid" as required by RCW 39.12.040, if required under chapter 39.12 RCW. Agency shall maintain records sufficient to evidence compliance with chapter 39.12 RCW, if applicable, and shall make such records available for the County's review upon request.
3. In the event that the contract for construction (rehabilitation or new construction) of affordable housing includes twelve (12) or more HOME Program assisted units triggering Federal Labor Standards in paragraph 1 herein, and has other City funds which require compliance with the State Labor Standards per paragraph 2 herein, all contractors and subcontractors must pay the higher of the Davis Bacon or the State Prevailing wages for each job classification, and comply with all associated State and federal requirements identified herein.

S. Debarred and Suspended Parties

No portion of the Loan made under this Loan Agreement shall be used directly or indirectly to employ, award contracts to, or otherwise engage the services of, or fund, any contractor or subcontractor during any period of debarment, suspension, voluntary exclusion or placement in ineligibility status of such contractor or subrecipient under the provisions of 24 CFR Part 24. The Agency represents and warrants that the Agency is not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal assistance programs under such regulations or Executive Orders Nos. 12549 and 12689, "Debarment and Suspension." The Excluded Parties List System can be checked at the following web-site: www.sam.gov.

T. Personal Interest

The Agency agrees that it will incorporate into every lower tier contract required to be in writing and made pursuant to the Project assisted under this Loan Agreement substantially the following provisions:

1. Interest of Agency and Employees

The Agency warrants that no person who presently exercises any functions or responsibilities in connection with the Project has any personal financial interest, direct or indirect, in the Loan Agreement.

The Agency further represents and covenants that he/she/it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of his/her/its service hereunder. The Agency further covenants that in the performance of this contract no person having any conflicting interest shall be employed. Any interest on the part of the Agency or his/her/its employees must be disclosed in writing to the Agency or the County.

2. Covenant Against Contingent Fees

The Agency warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or a bona fide established commercial or selling agency maintained by the Agency for the purpose of securing business. In the event of breach of this clause by the Agency, the Agency shall be required to annul this contract, without liability, or, in its discretion, to deduct from the contract price or consideration or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

U. Conflict of Interest

1. Conflict of Interest in Procurement

a. Applicability

In the procurement of supplies, equipment, construction, and services by the Agency, the conflict of interest provisions in 24 CFR §§ 85.36 shall apply. In all cases not governed by 24 CFR § 85.36, the provisions of 24 CFR § 92.356 and this section shall apply.

b. Conflicts Prohibited

No persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or

those with whom they have family or business ties, during their tenure or for one (1) year thereafter.

c. Persons Covered

The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the Agency.

d. Exceptions: Threshold Requirements

Upon the written request of the County, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it determines that such an exception will serve to further the purposes of the HOME Program and the effective and efficient administration of the County's HOME activities. The County may submit to HUD for its consideration a request for an exception only after the Agency has provided to the County the following:

- 1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
- 2) An opinion of the Agency's attorney that the interest for which the exception is sought would not violate state or local law.

e. Factors to be Considered for Exceptions

The factors to be considered by the City in determining whether to submit an exception request shall be the same as those considered by HUD in determining whether to grant a requested exception and are contained at 24 CFR § 92.356(e).

2. Conflict of Interest in HOME-Assisted Housing

a. Applicability

The Agency shall operate the Project consistent with the provisions of 24 CFR §92.356 regarding conflict of interest with respect to financial benefit or interest, or for immediate family members, including occupancy in HOME-assisted units. No officer, employee, agent or consultant of the Agency or immediate family member may occupy any HOME-assisted affordable housing unit.

b. Exceptions

Upon written request of the Agency, the City may grant an exception to the provisions of paragraph (a) of this section on a case-by-case basis when it determines the exception will serve to further the purposes of the HOME Program and the effective and efficient administration of the HOME-assisted project.

c. Factors to be Considered for Exceptions

The factors to be considered by the City in determining whether to grant a requested exception under paragraph (b) of this section are contained at 24 CFR § 92.356(f)(2).

V. Certain Acts Prohibited

The Agency shall not make any sale, encumbrance, assignment, or conveyance, or transfer in any other form, of the Property or Project or any part thereof or of any of its interest therein other than in accordance with the terms of this Loan Agreement. The Agency shall not, without the prior approval of the City:

1. Make any distribution not permitted by the terms of this Loan Agreement;
2. Assign or transfer any right to operate or manage the Project, except pursuant to the terms of this Loan Agreement;
3. After the rehabilitation of the Project, remodel, remove, add to, reconstruct, or demolish any part of the Project, or impair any real or personal property of the Project, without prior written approval by the City;
4. Require, as a condition of the occupancy or leasing of any dwelling unit in the Project, any consideration or deposit in excess of that permitted by HOME Program regulations to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the Project in a trust account with a depository insured by the Federal Deposit Insurance Corporation and shall be held and disbursed in accordance with Washington law and this Loan Agreement. The balance of such account shall at all times equal or exceed the aggregate of all outstanding obligations under said account, plus accrued interest thereon;
5. Permit the use of the units in the Project for any purpose except that which is approved by this Loan Agreement;
6. Incur any liability or obligation in connection with the Project, contingent or otherwise (other than liabilities and obligations in connection with the financing of the acquisition, development and construction of the Project);
7. Enter into any contract or contracts for supervisory or managerial services except as permitted by this Loan Agreement; or
8. Invest any funds from the Project in any property, real or personal, except as authorized by this Loan Agreement or by the City, or deposit any such funds

in a depository not authorized by this Loan Agreement or approved by the City.

W. Public Information

1. In all news releases and other public notices related to the Project funded under this Loan Agreement, the Agency shall include information identifying the source of funds as the City of Everett's allocation of Snohomish County HOME Investment Partnerships Program funds.
2. For all construction and rehabilitation Projects, the Agency shall erect a sign to City specifications at the construction site, identifying the source of funds.

X. Religious or Faith-Based Organizations

1. Organizations that are religious or faith-based are eligible on the same basis as any other organization to participate in the HOME Program.
2. Organizations that are directly funded under the HOME Program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as a part of the programs or services funded under 24 CFR Part 92. If the Agency conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under 24 CFR Part 92, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.
3. An organization that participates in the HOME Program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.
4. HOME funds may not be used for the acquisition, construction or rehabilitation of structures to the extent that those structures are used for inherently religious activities. HOME funds may be used for the acquisition, construction or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under 24 CFR Part 92. Where a structure is used for both eligible and inherently religious activities, HOME funds may not exceed the cost of those portions of the acquisition, construction or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to HOME funds in 24 CFR Part 92. Sanctuaries, chapels or other rooms that a HOME-funded religious congregation uses as its principal place of worship, however, are ineligible for HOME-funded improvements.
5. Pursuant to 24 CFR § 5.109(e), a religious organization's exemption from the federal prohibition on employment discrimination on the basis of religion, set

forth in section 702(a) of the Civil Rights Act of 1964 (codified at 42 U.S.C. § 2000e-1), is not forfeited when the organization participates in the HUD program. Notwithstanding the foregoing, non-discrimination requirements imposed by statute on all HOME grantees shall apply to religious and faith-based organizations.

III. USE OF PROPERTY

The following provisions apply to real property rehabilitated through this Loan Agreement, PROVIDED, HOWEVER, that Subsections D and E of this Section III apply only to the HOME-Assisted Units (the "HOME-Assisted Units") as set forth in Exhibit A hereto.

A. Beneficiaries

1. The project shall include "HOME-Assisted Units", more fully described in Exhibit A of this Loan Agreement. Seven (7) units shall be "HOME-Assisted Units" as specified and further described in Attachment A throughout the HOME Compliance Period of this Loan Agreement as defined in Section I. G., and Exhibit A of this Loan Agreement.
2. The Agency further agrees that the HOME-Assisted Units shall be used as housing to benefit Very Low-Income households. Seven (7) units shall be considered HOME Assisted Units for the duration of the HOME Compliance Period, as defined in Section I.G of this Loan Agreement.
3. The HOME-Assisted Units shall be considered "floating units", meaning that units originally designated as HOME-Assisted may change over time. The number of HOME-Assisted Units in the Project may never be less than seven (7) units, including one (1) two-bedroom unit and six (6) three-bedroom units, and the units must be comparable, in size, features, and number of bedrooms to those units originally identified as HOME-Assisted Units.
4. The Agency may not duplicate reporting the HOME-Assisted Units with another participating jurisdiction's HOME Program assisted units.
5. The Agency will use the 24 CFR 5.609 (commonly referred to as "Part 5--Section 8 Housing") standards in determining income eligibility for households to be assisted.
6. At initial occupancy and throughout the HOME Compliance Period of affordability:
 - a. In projects of five or more HOME-Assisted Units, at least 20 percent of the HOME-Assisted Units must be occupied by families who have gross annual incomes that are 50 percent or less of area median income. These

very low-income tenants must occupy units with rents at or below the Low HOME Rent limit.

- b. In addition to the affordability restrictions set forth elsewhere in this Loan Agreement, the Agency shall make best efforts to have 90 percent of the initial occupants in HOME-Assisted Units be tenants with gross household annual incomes that do not exceed 60 percent of the area median income. The balance of the HOME-Assisted Units rental units must assist tenants with incomes that do not exceed 80 percent of the area median income.

Prior to project Close-out, the Agency shall make available or submit to the City for review and approval, income verification documentation to establish the eligibility of the initial tenants in the HOME-Assisted Units.

B. Period of Affordability

The HOME-Assisted Units shall remain affordable per the provisions of 24 CFR 92.252 throughout the HOME Compliance Period, and shall remain in effect without regard to the term of any loan or mortgage, repayment of the HOME investment, or the transfer of ownership.

C. Rent Restriction

1. Establishing Initial Rents - the Agency shall establish a rent schedule for the Project that complies with the HUD established HOME rent limit affordability requirements of 24 CFR Section 92.252. The maximum HOME rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. The Agency shall provide to the City for its review and approval, a rent schedule for the Project that does not exceed the current HUD established HOME rent limits, and that identifies the monthly allowances for tenant paid utilities and services (excluding telephone), prior to the commencement of marketing or initial occupancy. Current HOME Rent Limits can be found at:

<https://www.hudexchange.info/manage-a-program/home-rent-limits/>

From the Effective Date for the Project, the Agency shall charge only those rents approved by the City and established pursuant to federal, state and HOME Program statutes and regulations; provided that in no event will such rents exceed the maximum rent permitted under Internal Revenue Code Section 42 and the regulations thereunder.

In determining maximum allowable rents and utility allowances, the Agency shall comply with the 2013 HOME Final Rules issued by HUD, and referenced in the Rules and Regulations in the Federal Register, Vol. 78, No. 142, July 24, 2013.

Rents for the HOME-Assisted Units shall not exceed thirty percent (30%) of the income of the target population to be served in that unit, as stated in Exhibit A. Maximum rents are determined by the number of bedrooms in each unit minus the monthly allowance for utilities (excluding telephone, cable television and other telecommunications), paid by the tenant.

2. Maximum Rents with Federal or State Rent Subsidy Programs - If the HOME-Assisted Unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program. The maximum rent for HOME-Assisted Units supported by tenant-based rental assistance programs is the maximum HOME rent.
3. Rent Increases - for the HOME-Assisted Units shall be comparable to non-HOME assisted units. Rents may be increased to cover reasonable increases in operating costs, including property management, repair and maintenance, necessary services, project reserves, debt service costs, and other reasonable expenses. The HOME-assisted unit rents must not exceed the then-established HOME maximum rents in effect, as may be revised by HUD after HUD determines fair market rents and median incomes. The Agency shall provide to the City annually, documentation of rents and occupancy, as well as annual operating expenses.
4. Rent Overcharges - If at any time during the period of this Loan Agreement the Agency charges rents higher than those set forth in the rent restriction provisions included in Exhibit A, the Agency will take remedial corrective actions including refunding any overcharges to residents, correcting lease terms and other such actions necessary to bring the project into compliance with the terms and covenants of this Loan Agreement. Repayment for tenant overcharges will be due within thirty (30) days from the date of a written notice of violation delivered to the Agency by the City.

D. Designation of HOME Units; Floating Units:

The HOME-Assisted Units shall be considered as "floating units", meaning that units originally designated as HOME-Assisted Units may change over time. The number of HOME-Assisted Units in the Project may never be less than a total of seven (7), including one (1) two-bedroom unit and six (6) three-bedroom units; and shall be comparable, in size, features and number of bedrooms to those units originally identified as HOME-Assisted Units.

The Agency may not duplicate reporting the HOME-Assisted Units as identified herein, with another participating jurisdiction's HOME-Assisted Units.

The HOME-Assisted Units are identified in Exhibit A. The Agency shall identify and provide to the City for review prior to the commencement of the marketing and lease-up of the units: a schedule of all the units in the project with building/unit numbers, number of bedrooms, square footages, and identification of the HOME-Assisted Units, and shall designate the specific units that are HOME Floating Units as identified in Exhibit A.

The Agency shall ensure that eligible tenants reside in the HOME-Assisted Units, and shall submit income verification documentation to the City for review and approval prior to project Close-out.

Floating HOME-Assisted Units may be changed by the Agency, provided the substituted units maintain conformity with the requirements of §92.252, and as described in Exhibit A of this Agreement. The Agency shall identify and report the HOME-Assisted Units annually in its annual reports.

E. Qualification as Affordable Rental Housing and Other HOME Provisions

1. The Agency shall lease to eligible low-income families as affordable housing for Very Low-Income families. The determination of Very Low-Income shall be made by application of the income limits set and revised periodically by the U.S. Department of Housing and Urban Development ("HUD") based upon median incomes in the Seattle-Bellevue, WA HUD Metro FMR area, and adjusted for household size. If at any time HUD no longer estimates median income, the income standard shall be based on a program selected by the County. The Agency shall verify residents' income only in accordance with methods prescribed by or agreed to by the City.
2. The Agency shall lease HOME-Assisted Units to eligible low-income families as required to include:
 - a. Initial Occupancy of Vacant Units, consistent with 24 CFR § 92.252:
 - 1) Within six (6) months from the date of project completion, if a rental unit remains unoccupied, the Agency shall provide to the County information about current marketing efforts and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible.
 - 2) Within eighteen (18) months from the date of project completion, if efforts to market the unit are unsuccessful and the unit is not occupied by an eligible tenant, the Agency must repay to the City, pursuant to 24 CFR §92.252, all HOME funds invested in the unit. A unit that has not served a low- or very low-income household has not met the purposes

of the HOME program. Therefore, the costs associated with the unit are ineligible.

- b. Leases Required for Rental Units - Leases are required for all HOME-assisted rental units and must be consistent with 24 CFR §92.253.
- c. Initial Rent and Utility Allowances. In establishing the maximum allowable rents, the Agency shall comply with 24 CFR §92.252(d).
- d. Rent Review during the HOME Compliance Period. The Agency shall establish rents for the HOME-Assisted Units that comply with the affordability provisions of 24 CFR §92.252.
- e. Tenant Protections and Selection. The Agency shall operate the project consistent with the provisions 24 CFR §92.253 regarding lease requirements, prohibited lease terms, termination of tenancy, and tenant protections and selection.

F. Maintenance

The Agency agrees to keep the Premises in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building that may be constructed, damaged, or destroyed, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Premises or requiring any alterations or improvements to be made; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon the Premises in violation of law; and to do all other acts which from the character or use of the Premises may be reasonably necessary to preserve and conserve its value. The Agency shall maintain the property as decent, safe, and sanitary housing in good repair in conformance with the Uniform Property Condition Standards, or such other ongoing property standards as the City may require.

G. Taxes, Assessments, and Encumbrances

Property taxes and utilities on the Premises shall be brought current through the date of the final execution of this HOME Agreement. In the event the Agency does not bring such taxes and utilities current prior to that date, the Agency agrees to pay such taxes and utilities within ten (10) days of the date of the final execution of this HOME Agreement and to provide to the City an addendum to the title policy establishing such payment.

The Agency agrees to pay before delinquency all taxes, assessments, and any other charges affecting the Premises when due, and all encumbrances, charges, and liens, with interest, on the Premises or any part, subject to the Agency's right to contest such taxes, assessments and other charges in good faith.

H. Eligibility for Admission

An applicant is eligible for admission to the Project if he or she meets all of the following criteria:

1. For HOME-Assisted Units: The applicant meets the income and other requirements of the HOME Program as set forth in the HOME Regulations and this Loan Agreement and meets the income eligibility requirements of any other funding sources providing funds for the Project, which sources and eligibility requirements have been approved by the City.
2. The Agency may determine that an applicant is not eligible for admission if, on the basis of substantial, factual evidence of that person's prior actions, there is good cause to believe that the applicant will repeatedly fail to pay rent, will create a substantial threat to the health and safety of other residents, or will repeatedly breach material requirements of the lease. Unsubstantiated oral statements will not be deemed substantial factual evidence.

I. Resident Selection Procedures; Management Plan

The Agency shall rent housing units in the Project to eligible residents, in accordance with the HOME Regulations and a Management Plan approved by and on file with the City. The Management Plan shall include at least the following:

1. Detailed actions to be taken by the Agency to affirmatively market and rent all units in accordance with HOME Program requirements at 24 CFR § 92.351 in a manner which ensures equal access to all persons in any category protected by federal, state, or local laws governing discrimination, and without regard to any arbitrary factor;

2. Specific reasonable criteria for determination of resident eligibility, including occupancy standards outlined in the HOME Regulations;
3. A requirement that eligible residents be selected based on the order of application, lottery, or other reasonable method approved by the City;
4. A requirement that eligible applicants be notified of eligibility and, based on turnover history, be notified of when a unit may be available;
5. A requirement that ineligible applicants be notified in writing of the reason for their ineligibility;
6. Specific procedures through which applicants deemed to be ineligible may appeal this determination;
7. A requirement for maintenance of a waiting list of eligible applicants;
8. Prohibition of discrimination against any prospective resident on the basis of race, religion, ethnic or national origin, gender, sexual orientation, age, disability, marital status, familial status, or any other arbitrary factor in violation of any state, federal, or local law governing discrimination in rental housing;
9. A discussion of other selection issues provided for in the HOME Regulations; and
10. All amendments to the Management Plan shall be provided to the City with the Annual Report.

J. Lease and Occupancy Procedures

Each eligible applicant selected to occupy a unit shall enter into a written occupancy agreement or lease with the Agency, and which shall contain those provisions as are required by this Loan Agreement, the HOME Regulations, (including 24 CFR § 92.253) and state law.

The Agency shall establish reasonable rules of conduct and occupancy which shall be consistent with state, local and federal law and HOME Regulations. The rules shall be in writing and shall be given to each resident.

Leases governing the landlord-tenant relationship shall be subject to Washington law, applicable local landlord-tenant ordinances, HOME Program statutes and HOME Regulations, and the provisions of this Loan Agreement.

The Agency shall not charge tenants prohibited fees as identified in 24 CFR § 92.214.

K. Damage/Replacement Charges

The charges to residents covering damages to the Project property attributable to the resident shall be made in accordance with a schedule of replacement costs which shall be adopted by the Agency, posted in the management office of the Project, and shown to each applicant at the time the lease is signed.

L. Termination of Lease

The minimum term of each residential lease shall be twelve (12) months, unless otherwise mutually agreed upon by the resident and the Agency. Notice of termination of tenancy, refusal to renew the lease, and refund of any rent and/or security deposit shall be in strict conformance with all applicable federal, state, and local laws, regulations, and ordinances.

The Agency may, in addition to pursuit of remedies provided by law, give written notice to the resident of substantial noncompliance by the resident of obligations contained in RCW 59.18.130 or RCW 59.18.140, and may commence an action for unlawful detainer to terminate the tenancy in accordance with the provisions of Chapter 59.12 RCW.

M. Management and Maintenance

The Agency is responsible for operating the Project in accordance with the Management Plan developed by the Agency consistent with the provisions of this Section III of the Loan Agreement.

The Agency is specifically responsible for all maintenance, repair, and management functions, including, without limitation, the following: selection of residents, occupancy standards, complaint and grievance proceedings, evictions, collection of rents and security deposits, routine and extraordinary repairs, and replacement of capital items. The Agency shall maintain units and common areas in a safe and sanitary manner in accordance with all applicable local codes (including health, building and housing codes), rehabilitation standards, ordinances and zoning ordinances at the time of Project completion, and the Management Plan provided for in this Loan Agreement.

The Agency may contract with a management agent for the performance of the services or duties required above. However, such an arrangement does not relieve the Agency of responsibility for the proper performance of these duties. Such a management contract shall contain a provision allowing the Agency to terminate the management contract without penalty upon written notice. Upon a determination by the County, and written notice to the Agency thereof, that the management agent performing the required functions has failed to operate the Project in accordance with this Loan Agreement and the approved Management

Plan, the Agency shall make immediate arrangements for continuing performance of the required functions.

Upon a determination by the City, and written notice to the Agency thereof, that the Agency has failed to operate the Project in accordance with this Loan Agreement, the City may require the Agency to contract with a qualified management agent to operate the Project, or to make such other arrangements as the City deems necessary to ensure performance of the required functions.

The Agency agrees to assume full financial and management responsibility for all operating and maintenance costs, including all repairs, corrections, and replacements necessary to maintain and preserve the Project in a safe and sanitary condition in accordance with standards prescribed by the City, all obligations of this Loan Agreement, and all applicable state laws and local ordinances.

N. Transfer, Sale, Change of Use, Project Restructuring

1. Section 504

This Loan Agreement is subject to the requirements of Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), and HUD regulations with respect thereto, including the regulations under 24 CFR Part 8.

2. Covenants

- a. Where assistance under this Loan Agreement is provided in the form of real property or an interest in the property from the City, the instrument effecting or recording this transfer shall contain a covenant running with the land to assure nondiscrimination for the period during which the real property is used for a purpose for which the assistance under this Loan Agreement is extended or for another purpose involving the provision of similar services or benefits.
- b. Where no transfer of property is involved, but property is purchased or improved with financial assistance under this Loan Agreement, the Agency shall execute and record the Use Restriction Covenant Agreement in substantially the form set forth on **Exhibit E** attached hereto.
- c. Where assistance under this Loan Agreement is provided in the form of real property or an interest in the property transferred from the City, the covenant shall also include a condition coupled with a right to be reserved by the City to revert title to the property in the event of a breach of the covenant. If a transferee of real property proposes to mortgage or otherwise encumber the real property as security for financing

construction of new, or improvement of existing, facilities on the property for the purposes for which the property was transferred, the City may, upon request of the transferee, if necessary to accomplish such financing, and upon such conditions as the City deems appropriate, agree to forbear the exercise of such right to revert title for so long as the lien of such mortgage or other encumbrance remains effective.

3. City Review. In the event of a proposed, sale, refinancing, or transfer of interests in the Project and/or the Ownership, the Agency shall submit to the City for review and approval, such information as the City deems necessary to review and approve the proposed terms of the transaction, including the proposed ownership entity, and to ensure the continued viability of the project for which the HOME funding was provided. Such project restructuring or transfers may include, as applicable:
 - a. The transfer or sale of the Project to a nonprofit corporation or public agency approved by City and in compliance with the HOME regulations;
 - b. The transfer or sale of the Project to a qualified nonprofit corporation or public agency acceptable to County and in compliance with the HOME Regulations, without substantial consideration to the transferor other than assumption by the transferee of outstanding obligations; and
 - c. The refinancing or additional financing, whether with the current owner, or in conjunction with a sale or transfer to a new owner.

IV. FISCAL MANAGEMENT

A. Eligible Costs

Disbursements shall be made to the Agency under this Loan Agreement only for certain "eligible project costs," as that term is defined in 24 CFR § 92.206, and, if approved by HUD, for certain "pre-award costs" pursuant to 24 CFR § 92.212. In no event, however, shall disbursement be made to the Agency for costs not included in the Project Budget attached as Exhibit B to this Agreement.

No expenditure of HOME funds shall be made for "prohibited activities," as that term is defined in 24 CFR § 92.214.

B. Payment and Disbursements

The Agency may not request disbursement of funds under this Loan Agreement until the funds are needed for the payment of eligible Project costs. The amount of each request shall be limited to the amount needed.

Disbursements by the City pursuant to this Loan Agreement shall be on a reimbursement basis, covering Project obligations incurred and paid by the Agency. These funds shall be managed through the County's HOME Investment Trust Fund account (the "HOME Investment Fund") utilizing the Integrated Disbursement and Information System ("IDIS") described in 24 CFR § 92.502, in the following manner:

1. The Agency's Project staff will prepare the Request for Reimbursement/Actual Expenditure Report (attached hereto as **Exhibit G** and incorporated herein by this reference) together with a Report of Actual Expenditures (attached hereto as **Exhibit H**, as may be modified by the City, and incorporated herein by this reference) and submit them to the City with adequate notice to allow processing by the City. Each Request for Reimbursement shall be submitted by the Agency only for funds needed for reimbursement of eligible Project costs and reimbursement will be limited to the amount so needed.
2. When reimbursement requests include draw requests from a contractor for construction work completed, the Agency shall submit the following items as may be required by the City: a fully executed AIA form, copies of inspection reports indicating the status of construction, copies of Conditional and Final Lien Releases evidencing the contractor's receipt of payment and releasing any claims to lien the property, Change Order requests and back-up if applicable, and any other appropriate documentation necessary to confirm the funds were expended on the budget items as itemized.
3. Within 90 days of the final Request for Payment for each HOME-assisted activity, the Project staff will prepare and submit to the City the Project Completion Report (Form HUD-40096), and other such project close out documentation as required in this Loan Agreement and in Section V. RECORDS AND REPORTS, B. Reports, herein.
4. Disbursements shall be limited to the amounts needed for allowable Project costs. Disbursements will not occur, and payments may be withheld, unless the Agency provides proper documentation.
5. The City shall keep five percent (5%) of the loan amount as a retainage fee until final close-out and receipt of Project completion documents listed in the HOME Rental Completion Report (attached hereto as **Exhibit I** and incorporated herein by this reference) and any other loan requirements or close out reports identified in Section V. RECORDS AND REPORTS, B.1. Reports, herein.
6. Prior to the initial disbursement of funds, the Agency will submit to the City copies of:

- a. Equal Opportunity and Fair Housing marketing plan;
- b. Records demonstrating that the units meet or will meet all applicable property standards;
- c. Certification that no layering of federal funds has occurred or will occur other than the existing Project-Based Voucher contract for the property;
- d. Records showing compliance with relocation requirements to date;
- e. Conflict of interest statement;
- f. Evidence of flood insurance, if required;
- g. Evidence that neither the Agency nor any contractor, subcontractor, agent, representative, or consultant working on the Project is debarred or suspended from participation in federal programs; and
- h. Final itemized development and operating budgets for the Project.

C. Budget Revisions and Other Adjustments

1. The City reserves the right to reduce the amount of the Project Budget established by this Loan Agreement if the Agency is not undertaking the Project activity at a level consistent with the terms and conditions, including but not limited to Exhibit A, of this Loan Agreement. In addition, the City reserves the right to withhold payments pending delivery of Project reports or documents as may be required under this Loan Agreement.
2. All disbursements under this Loan Agreement shall be subject to audit and recovery of disallowed costs.
3. The Agency shall submit to the City a written request for approval of revisions to the Project Budget using a budget revision form provided by the County. Written budget revision approval must be received by the City before incurring any expenditures or obligations against the revised Project Budget.
 - a. Any proposed change to the Project Budget that is less than ten percent (10%) of the total HOME Agreement amount can be requested using a Budget Revision form provided by the County.
 - b. Proposed changes which exceed ten percent (10%) of the total Loan Agreement Project Budget amount shall necessitate a written amendment to this Loan Agreement.

4. The Agency acknowledges that the City will not provide additional financial assistance to the Agency in the form of operational or capital subsidies for the Project under this Loan Agreement. If Project income, including rents (if any) charged, is insufficient to cover operating, maintenance, and capital costs, the Agency agrees to assume full financial responsibility for the operating and maintenance of the Project throughout the term of this Loan Agreement.

D. HOME Award Retainage

Five percent (5%) of the HOME Award will be retained by the City until the Project is completed and the Agency submits the following documentation:

1. Documentation demonstrating that all HOME Program assisted units meet the applicable codes, and the Uniform Property Condition Standards (UPCS) or other HOME required property standards.
2. A Certificate of Occupancy issued by the local building department, if applicable.
3. A listing of the HOME-Assisted Units with tenant information necessary to demonstrate compliance with HOME Program requirements and with affordable rental housing provisions contained in 24 CFR § 92.252.
4. Certification from the Project architect or 3rd Party, as approved by the City, that the completed units meet Section 504 accessibility standards.
5. Other Project Close Out Reports/Submittals as identified in Section V.B.1, herein.
6. The HOME-Assisted Units must meet the affordability requirements of 24 CFR §92.252. In the event the HOME-Assisted Units do not meet the HOME affordability requirements for the specified term of the loan per Section I, Subsection G, the HOME funds shall be repaid.

E. Repayment of HOME Funds

During and until completion of the HOME Compliance Period, the Agency shall return to the City funds disbursed to it under this Loan Agreement upon the occurrence of any of the following events:

1. HOME-assisted activities are cancelled;
2. Overpayments are made, to the extent of those overpayments;
3. If payments are made for activities that are later determined to be ineligible;
or

4. The Project or any part thereof is terminated before completion, voluntarily or otherwise, which termination constitutes an ineligible activity requiring repayment to the City's HOME Investment Trust Fund, pursuant to 24 CFR §§ 92.205(e) and 92.503(b)(2); the Project shall be deemed terminated if the Project is not completed within 2 years from the date of this Loan Agreement;
5. The Project or any part thereof ceases to qualify as affordable housing before the period of affordability expires, pursuant to 24 CFR §§ 92.501 and 92.503(b)(1); or
6. HOME-Assisted Units remain unoccupied eighteen (18) months after Project completion (defined as construction completed and the units ready for occupancy).

F. Budget Surplus

All funds and authorization of funds remaining in the Project Budget upon closeout of the Project shall revert to the Snohomish County HOME Program. The Agency shall, upon closeout of the Project, transfer to the City, and the City shall transfer to the County:

1. Any HOME funds on hand; and
2. Its rights in any accounts receivable attributable to the use of HOME funds.

G. Required Reserves

1. The Agency shall propose to the City amounts of funding for a "Replacement Reserve Account" and an "Operating Reserve Account" and provide all information necessary to indicate the consistency of those accounts with the feasibility of the Project and the requirements of the City under the HOME Program. Such final amounts will be approved by the City prior to project completion.
2. To the extent that capitalization of the accounts is required or deemed necessary by the City, initial deposits shall commence no later than the end of the first month following the completion of construction, or such other date as the City may designate in writing, and deposits shall be segregated by general ledger in an interest-bearing account in the name of the Agency insured by an agency of the federal government or other comparable federal insurance program.
3. Any contingency funds or excess funding of any kind that are remaining after completion of rehabilitation are required to be deposited into the Replacement Reserve Account.

4. Consistent with the requirements of the funding agencies, the Agency shall make annual deposits from Project income in amounts as specified in the initial and annual budgets.
5. Withdrawals from the accounts shall be made in a manner consistent with the requirements of the funding entities, including the City, if the City elects to impose such requirements. Withdrawals from the Replacement Reserve Account shall be made only for capital improvements such as replacing or repairing structural elements, furniture, fixtures, or equipment of the Project which are reasonably required to preserve the Project. Withdrawals from the Operating Reserve Account may be utilized only to cover actual and reasonable operating expenses, or to compensate for vacancy and bad debt losses.
6. All reserves shall remain with the Project upon sale or transfer and shall be used solely for the purposes stated herein notwithstanding any change in the ownership of the Project.

H. Use of Income from Operations

The Agency or the Agency's management agent shall promptly deposit all operating income in an account established in the Agency's name segregated by general ledger for the Project. There shall be no commingling of the Project funds with other funds controlled by the Agency.

Withdrawals from this account shall be made only in accordance with the provisions of this HOME Agreement and the annual operating budget, and shall be disbursed, applied, or reserved and set aside for payment when due, in the following priority, to the extent available:

1. All charges incurred in the operation of the Project in connection with utilities, real estate taxes and assessments, and liability, fire, and other hazard insurance;
2. Salaries, wages, and other compensation due and payable to the employees or agents of the Agency employed on site and off site in connection with the management, maintenance, administration, or operation of the Project, along with all withholding taxes, other insurance premiums, Social Security payments, and other payroll taxes or payments required in connection with such employees;
3. Payments of required interest, principal, impounds, fees, and charges, if any, on loans secured by the Property;

4. All other expenses incurred to cover operating costs, including the fee of the managing agent and any extraordinary expenses;
5. Deposits to reserve accounts, if applicable; and
6. Distributions to the Agency or other person or entity, in accordance with the approved budget and only upon prior written City approval.

If other funding entities have differing requirements, the City may amend this paragraph in writing to be consistent with those other requirements. In addition, the Agency may depart from the foregoing priorities of payment only upon the express prior written approval of the City.

I. Insurance

INSURANCE REQUIREMENTS – GENERAL

1. Insurance Required

By the date of execution of this Loan Agreement, the Agency shall procure and maintain for the duration of this Loan Agreement, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of work hereunder by the Agency, its agents, representatives, employees and/or contractor/subcontractors. The Agency or contractor/ subcontractor shall pay the costs of such insurance. The Agency shall furnish separate certificates of insurance and policy endorsements from each contractor/subcontractor as evidence of compliance with the insurance requirements of this Loan Agreement.

The Agency is responsible for ensuring compliance with all of the insurance requirements stated herein. Failure by the Agency, its agents, employees, officers, contractor/subcontractors, providers and/or provider subcontractors to comply with the insurance requirements stated herein shall constitute a material breach of this Agreement.

Each insurance policy shall be written on an “occurrence” form; except that insurance on a “claims made” form may be acceptable with prior City approval. If coverage is approved and purchased on a “claims made” basis, the Agency warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than three years from the date of Loan Agreement termination, and/or conversion from a “claims made” form to an “occurrence” coverage form.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded by said

policies, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained in this provision shall affect and/or alter the application of any other provision contained within this Loan Agreement.

2. Risk Assessment by Agency

By requiring such minimum insurance, the City shall not be deemed or construed to have assessed the risks that may be applicable to the Agency under this Agreement, nor shall such minimum limits be construed to limit the limits available under any insurance coverage obtained by the Agency. The Agency shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

3. Minimum Scope of Insurance

Coverage shall be at least as broad as the following:

- a. General Liability: Insurance Services Office form number (CG 00 01) covering COMMERCIAL GENERAL LIABILITY.
- b. Professional Liability, Errors and Omissions Coverage: In the event that services delivered pursuant to this Agreement either directly or indirectly involve or require professional services, Professional Liability, Errors and Omissions coverage shall be provided. "Professional Services", for the purpose of this Loan Agreement section, shall mean any services provided by a licensed professional or those services that require a professional standard of care.
- c. Automobile Liability: Insurance Services Office form number (CA 00 01) covering BUSINESS AUTO COVERAGE, symbol 1 "any auto"; or the appropriate coverage provided by symbols 2, 7, 8, or 9.
- d. Workers' Compensation: Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this work by applicable federal or "Other States" state law.
- e. Stop Gap/Employers Liability: Coverage shall be at least as broad as the protection provided by the Workers' Compensation policy Part 2 (Employers Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the general liability policy.
- f. Property Insurance: Insurance Services Office form number (CP 00 10) covering BUILDING AND PERSONAL PROPERTY COVERAGE and

Insurance Services Office form number (CP 10 30) CAUSES OF LOSS – SPECIAL FORM or project appropriate equivalent.

4. Minimum Limits of Insurance – Capital Projects

The Agency shall maintain limits no less than the following:

- a. Commercial General Liability: \$1,000,000 combined single limit per occurrence by bodily injury, personal injury, and property damage; and for those policies with aggregate limits, a \$2,000,000 aggregate limit.
- b. Professional Liability, Errors, and Omissions: \$1,000,000, Per Claim and in the Aggregate.
- c. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage if the use of motor vehicles is contemplated.
- d. Workers' Compensation: Statutory requirements of the state of residency.
- e. Stop Gap /Employers Liability: \$1,000,000.
- f. Property Insurance: One hundred percent replacement value of funded structure.

5. Minimum Limits of Insurance – Building Construction Period

Prior to commencement of building construction and until construction is complete and approved by the Agency, the Agency shall cause the construction contractor and related professionals to procure and maintain insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the activities related to this Agreement. The Agency and County shall be named as additional insureds on liability policies except Workers Compensation and Professional Liability, and as Named Insureds on Builders Risk policies. The cost of such insurance shall be paid by the Agency and/or any of the Agency's contractors/subcontractors. The Agency shall maintain limits no less than the following:

- a. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage and \$2,000,000 in the aggregate.
- b. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

- c. Professional Liability, Errors & Omissions: \$1,000,000, Per Claim and in the Aggregate.
- d. Workers Compensation: Statutory requirements of the State of residency.
- e. Stop Gap or Employers Liability Coverage: \$1,000,000.
- f. Property Insurance: One hundred percent replacement value of funded structure.

6. Minimum Limits of Insurance – Services Agreements

The Agency shall maintain limits no less than the following:

- a. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage and \$2,000,000 in the aggregate.
- b. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.
- c. Professional Liability, Errors & Omissions: \$1,000,000, Per Claim and in the Aggregate.
- d. Workers Compensation: Statutory requirements of the State of Residency.
- e. Stop Gap or Employers Liability Coverage: \$1,000,000.

7. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to, and approved by, the City. The deductible and/or self-insured retention of the policies shall not apply to the Agency's liability to the City and shall be the sole responsibility of the Agency.

8. Other Insurance Provisions

The insurance policies required in this Loan Agreement are to contain, or be endorsed to contain, the following provisions:

- a. All Liability Policies except Professional and Workers Compensation.
 - 1) The City, its officers, officials, employees, and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Agency/Contractor in

connection with this Agreement. Such coverage shall include Products-Completed Operations.

- 2) To the extent of the Agency's/Contractor's negligence, the Agency's/ Contractor's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees, and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees, or agents shall not contribute with the Agency's insurance or benefit the Agency in any way.
- 3) The Agency's insurance shall apply separately to each insured against whom claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

b. Property Coverage Policies

- 1) The City shall be added to all Property Coverage Policies as a loss payee as its interests may appear.
- 2) The City shall be added as a Named Insured as their interests may appear to all Builders Risk policies.

c. All Policies

Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, except by the reduction of the applicable aggregate limit by claims paid, until after 45 days prior written notice has been given to the City.

9. Acceptability of Insurers

Unless otherwise approved by the City, insurance is to be placed with insurers with a Bests' rating of no less than A: VIII, or, if not rated with Bests, with minimum surpluses the equivalent of Bests' surplus size VIII.

Professional Liability, Errors, and Omissions insurance may be placed with insurers with a Bests' rating of B+VII. Any exception must be approved by the County.

If, at any time, the foregoing policies shall fail to meet the above requirements, the Agency shall, upon notice to that effect from the City, promptly obtain a new policy, and shall submit the same to the City, with appropriate certificates and endorsements, for approval.

10. Verification of Coverage

The Agency shall furnish the City with certificates of insurance and endorsements required by this Agreement. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by the City prior to the commencement of activities associated with the Agreement. The City reserves the right to require complete, certified copies of all required insurance policies at any time.

11. Subcontractors

The Agency shall include all subcontractors as insureds under its policies or shall require separate certificates of insurance and policy endorsements from each subcontractor. If the Agency is relying on the insurance coverages provided by subcontractors as evidence of compliance with the insurance requirements of this Agreement, then such requirements and documentation shall be subject to all of the requirements stated herein.

J. HOME Maximum Subsidy Limits

The total amount of HOME funds may not exceed 240% of the per-unit dollar limitations established under Section 234 Condominium Housing Limits, elevator-type, basic mortgage limits for projects in the Seattle High Cost Percentage (HCP) area.

| Bedrooms | HOME Maximum Per-Unit Subsidy Limit |
|-----------------|--|
| 0 BR | \$140,107 |
| 1 BR | \$160,615 |
| 2 BR | \$195,304 |
| 3 BR | \$252,662 |
| 4+ BR | \$277,344 |

V. RECORDS AND REPORTS

The Agency agrees to maintain the following records and submit the following reports in order to assist the City in meeting its recordkeeping and reporting requirements:

A. Records

Records under this Loan Agreement shall be retained for the applicable periods required by 24 CFR § 92.508(c).

The Agency agrees to generate and maintain sufficient records to enable the City to determine whether the Agency has met the requirements of this Loan Agreement, which records shall include the following:

1. Financial management records in the form of separate accounts, including personnel, property, financial, and programmatic records, which sufficiently and properly reflect all direct and indirect costs of any nature and all services performed under this Loan Agreement;
2. Records that demonstrate that the HOME-Assisted Units in the Project meet the property standards contained in 24 CFR § 92.251, and to demonstrate compliance with affordable rental housing provisions contained in 24 CFR § 92.252;
3. Equal Opportunity and fair housing records containing:
 - a. Data, as required by 24 CFR § 92.508(a)(7)(i)(A), on the extent to which each racial and ethnic group and single-headed families (by gender of family head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with HOME funds;
 - b. Records, documentation and data on the steps taken to implement the City's outreach programs to minority-owned and female-owned businesses, including data indicating the racial/ethnic or gender character of each business entity receiving a contract or subcontract of \$25,000 or more paid or to be paid, with HOME funds, the amount of the contract or subcontract, and documentation of the Agency's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction, and services; and
 - c. Documentation, as required by 24 CFR § 92.508(a)(7)(i)(C), of the actions the Agency has taken to affirmatively further fair housing;
4. Records which demonstrate compliance with environmental review requirements contained in 24 CFR § 92.352;
5. Records which demonstrate compliance with the requirements of 49 CFR Part 24 and 24 CFR § 92.353 regarding displacement, relocation, and real property acquisition, including Project occupancy lists identifying the names and addresses of all persons occupying the real property on the date

described in 24 CFR § 92.353(c)(2)(i)(A), moving into the property on or after the date described in 24 CFR § 92.353(c)(2)(i)(A), and occupying the property upon completion of HOME assistance;

6. Records demonstrating that each project meets the lead-based paint requirements of 24 CFR § 92.355 and of 24 CFR Part 35, subparts A, B, J, K, M and R;
7. Records supporting requests for waivers of, and exceptions to, the conflict of interest prohibitions contained in 24 CFR § 85.36 and 24 CFR § 92.356 and in Section II-U of this Agreement;
8. Records demonstrating compliance with the applicable requirements of 24 CFR Part 58, including but not limited to:
 - a. Flood insurance requirements;
 - b. The minimum per-unit subsidy amount of 24 CFR § 92.205(c), the maximum per-unit subsidy amount of 24 CFR § 92.250(a), and the subsidy layering guidelines for each Project adopted in accordance with 24 CFR § 92.250(b), all as required by 24 CFR § 92.508(a)(3)(iii);
 - c. Income eligibility in accordance with 24 CFR § 92.203, as required by 24 CFR § 92.508(a)(3)(v);
 - d. Adequate budget control, in accordance with 24 CFR § 85.20, including evidence of periodic account reconciliations, as required by 24 CFR § 92.508(a)(5)(iv);
 - e. The written agreements required by 24 CFR § 92.504(c)(2)(x), as required by 24 CFR § 92.508(a)(6)(i);
 - f. The applicable uniform administrative requirements required by 24 CFR § 92.504, as required by 24 CFR § 92.508(a)(6)(ii);
 - g. The affirmative marketing procedures and requirements of 24 CFR § 92.351, as required by 24 CFR § 92.508(a)(7)(ii)(A);
 - h. The consultant standards of 24 CFR § 92.358;
 - i. Debarment and suspension certifications required by 24 CFR Parts 24 and 91, as required by 24 CFR § 92.508(a)(7)(viii); and
 - j. Records that demonstrate compliance with insurance requirements in Section IV-I for the term of this Agreement stated in Section I-G.

B. Reports

The Agency agrees to submit to the City such reports as the City requests pursuant to the requirements of state or federal law. As a minimum, the Agency shall submit, in a format prescribed by the City, the following:

1. Project Close Out Reports/Submittals

The Agency shall provide close out documentation required by this Loan Agreement and as may be required by the City, which may include, but is not limited to the following: evidence of required insurance coverages; copies of occupancy permits; architect's certificate of final completion; final lien releases from contractors in the full amount of the construction contract; affidavits that state prevailing wage have been paid, and/or required Davis Bacon documentation, if applicable; copies of the general contractor's 1 year warranty; Capital Needs Assessment; copies of final executed property management agreements and final management plan, including affirmative marketing plan; electronic copies of all final executed financing documents; a final accounting of total project costs, including final sources and uses; and initial tenant rent rolls and if there are HOME floating units, designation of the unit numbers and type/size of the units, consistent with the loan agreement designation of the HOME floating units;

2. Quarterly Reports

Quarterly reports shall be due when requested by the City (but no sooner than thirty (30) days following the end of the subject quarter); shall cover the preceding three month period; shall indicate progress made in undertaking the Project; and shall provide such financial management information as is required by the City.

3. Annual Reports

The Agency shall file, by June 30th of each year, a Combined Funders Annual Report, (WBARS – Web Based Annual Reporting System), and/or such other form of annual report as the City may require, covering the preceding calendar year, the first such report to be due on June 30th of the year following the project being placed in service (Issuance of a Certificate of Occupancy or Final Inspection), and the last such report to be due ninety (90) days after the end of the calendar year following the expiration or termination of this Agreement. The report shall contain such information as the County may then require, including, but not limited to, the following:

- a. An report of the fiscal condition of the Project, required whenever financial assistance is provided by the City. This report shall include financial statements indicating surplus or deficits in operating accounts, a detailed itemized listing of income and expenses, and the amounts of any fiscal

reserves, and other such information as may be required by the City to determine the financial condition and financial viability of the project. Such report shall be prepared in accordance with the requirements of the City;

- b. A description of any substantial physical defects in the Project, including a description of any major repair or maintenance work undertaken in the reporting year; and
- c. The occupancy of the Project, indicating:
 - 1) Each tenant's annual income, family size and composition, race, length of tenancy, and actual monthly rent paid;
 - 2) A rent roll to demonstrate that rents for the City's HOME-Assisted units comply with the HOME rent limits and do not result in undue increases from the previous year;
 - 3) Records demonstrating the Agency's efforts to comply with its Fair Housing Marketing and Equal Opportunity Plan;
 - 4) The number of residents actually occupying the Project;
 - 5) The number of assisted households earning at or below 30% of median income, between 30% and 50% of median income, and between 50% and 80% of median income;
 - 6) General management performance, including tenant relations and other relevant information;
 - 7) A description of any fiscal or Program difficulties related to the operation of the Project consistent with the Program requirements;
 - 8) The Agency shall provide information to the City regarding unit substitution of HOME assisted "floating units", and filling vacant HOME-assisted units; and
 - 9) Any Owner certifications required by the City to certify compliance with the terms of this Loan Agreement.

4. Other Reporting Requirements

- a. Each such report shall be subject to the approval of the City.
- b. The City may perform or cause to be performed audits of any and all phases of the Agency's activities related to the Project. At the City's

request, the Agency shall provide, at its own expense, an audit of the Project certified by an independent certified public accountant.

- c. The City may request any other information that it deems necessary to monitor compliance with requirements set forth in this Loan Agreement. Such information shall be provided promptly by the Agency.

5. Other Information

In addition to the annual report required above, if required by the City, the Agency shall file with the City an operating report including such information as the City may reasonably require and submit it at intervals as directed by the City, but in no case more often than on a quarterly basis.

6. Inspections

At any time during the term of this Loan Agreement, upon reasonable prior notice to the Agency and during normal business hours, the City or its designee may enter and inspect the physical premises of the Agency's office and inspect all accounting and other records pertaining to the HOME assistance activities and operation of the Project. Upon request by the City, the Agency shall notify tenants of upcoming inspections of their units or records in order to ensure compliance with HOME Program rules pertaining to property standards as contained at 24 CFR § 92.251 and 25 CFR § 92.355 and in accordance with state law. Prior to or contemporaneously with the tenants' execution of their leases, the Agency shall inform tenants in writing of, and require tenants to acknowledge by their signatures thereon, the City's reserved right to inspect their rental units and records. The Agency shall retain the acknowledged notices with the tenants' leases. Inspections of residential units will be conducted in compliance with applicable landlord-tenant laws.

The City shall inspect the Project periodically for compliance to certain property standards to ensure the property is maintained as decent, safe, sanitary, in good repair and habitable housing, as may be prescribed by the HOME Program, or the Uniform Property Condition Standards (UPCS) per 24 CFR §5.703, or such successor standards as the County may require.

7. Reserve Requirements

Unless otherwise approved by the City the Agency shall make every reasonable effort following Project completion to fund all replacement and operating reserves in accordance with the pro forma operating budget for the Project. Replacement Reserves shall not be used for purposes other than capital replacements or improvements to the Project, without the prior consent of the City, which consent shall not be unreasonably withheld.

Operating reserves shall not be used for purposes other than the funding of operating deficits, without the prior consent of the City, which consent shall not be unreasonably withheld. Any other reserves shown in the development budget or pro forma operating budget that have been approved by the City shall not be used for purposes other than the purposes designated in said budgets for such reserves, without the prior consent of the City, which consent shall not be unreasonably withheld. Reports provided to the City shall demonstrate that required payments to replacement and operating reserves have been made as required by the City.

VI. ENFORCEMENT OF THE AGREEMENT

A. Disputes

Any dispute concerning questions of fact in connection with the obligations covered by this Agreement and not disposed of by the terms herein shall be referred for determination to the Director of the City Department of Planning and Community Development is located, or his/her designee, whose decision in the matter shall be final and binding upon the parties, PROVIDED, that if an action is brought challenging the decision, the matter shall be subject to *de novo* judicial determination. Nothing contained herein shall excuse either party from otherwise complying with the terms of this Loan Agreement to the extent reasonably possible pending final resolution of the dispute.

B. Breach by Agency; Termination by County

1. Curing of Monetary Default. If a monetary event of default occurs under the terms of any of the Loan Documents, before exercising any remedies thereunder, City shall give Agency written notice of such default at the notice address determined pursuant to this Agreement. Agency shall have a period of ten (10) days after such notice is given within which to cure the default before exercise of remedies by City under the Loan Documents, or such longer period of time as may be specified in the Loan Documents.
2. Curing of Nonmonetary Default. If a nonmonetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder, City shall give Agency written notice of such default at the notice address determined pursuant to this Agreement. If the nonmonetary default is reasonably capable of being cured within thirty (30) days, Agency shall have such period to effect a cure prior to exercise of remedies by City under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Agency in the reasonable determination of City initiates corrective action within said period, and diligently, continually, and in good faith works to effect a cure as soon as possible, then Agency shall have

such additional time as County determines is reasonably necessary to cure the default prior to exercise of any remedies by City. In no event shall City be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or if the default is not cured within sixty (60) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents.

If an event of default is not corrected to the satisfaction of the City within the applicable time period set forth above, the City may, without further prior notice, terminate or suspend this Loan Agreement. The City also may, if it deems it appropriate, apply to any court, state or federal, for remedy for breach of contract; for specific performance of this Loan Agreement; for an injunction against any violation by the Agency of this Loan Agreement; for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement; or for such other relief as may be appropriate, it being agreed by the Agency that the injury to the City arising from a default under and of the terms of this Loan Agreement would be irreparable and that it would be extremely difficult to ascertain the amount of compensation to the City which would afford adequate relief, in light of the purposes and policies of the HOME Program. As an alternative, the City may, in its sole discretion, submit the matter to arbitration.

C. Non-Waiver of Breach

The City's failure to insist upon strict performance of any provision of this Loan Agreement, or to exercise any rights or remedies herein, or its acceptance of any defective performance, shall not be construed to be a waiver or relinquishment of any rights, and shall not prevent the City from pursuing that or any other right at any future time, unless stated in a writing signed by an authorized representative of the City and attached to the original Loan Agreement.

D. Governing Law and Venue Stipulation

This Loan Agreement has been and shall be construed as having been entered into and delivered within the State of Washington, and it is mutually understood and agreed by each party hereto that this Loan Agreement shall be governed by laws of the State of Washington, both as to interpretation and performance, and applicable federal laws and regulations.

Any action at law, suit in equity, or judicial proceeding for the enforcement of this Loan Agreement or any provision hereof, shall be instituted and maintained only in any of the courts of competent jurisdiction at Everett in Snohomish County, unless the City determines a federal forum is appropriate to the issue raised.

VII. MISCELLANEOUS PROVISIONS

A. Relationship of the Parties

The parties intend that an independent contractor/ City relationship will be created by this Loan Agreement. Except to the extent specific Agency performance is required by this Loan Agreement or by applicable provisions of law, the City is interested only in the results to be achieved and the implementation of services will lie solely with the Agency. No agent, officer, employee, servant or representative of the Agency shall be deemed to be an agent, officer, employee, servant or representative of the City for any purpose, and none of the Agency's employees shall be entitled to any benefits or rights enjoyed by employees of the City. The Agency will be solely and entirely responsible for its acts and for the acts of its agents, employees, servants, contractors and subcontractors during the performance of this Loan Agreement. Nothing in this Loan Agreement shall be construed to render the parties partners or joint venturers.

B. Hold Harmless and Indemnification

The Agency agrees that it is subject to audit and recovery for any audit exception which occurs due to its negligence or failure to comply with the terms of this Loan Agreement. The Agency further agrees to protect, save harmless, indemnify, and defend, all at its own expense, the City, its elected and appointed officials, officers, employees, and agents, from any loss or claim for damages of any nature whatsoever, arising out of the performance of this Loan Agreement by the Agency, its officers, employees, agents or subcontractors, including claims by the Agency's employees or third parties and including litigation costs and reasonable attorneys' fees, except for those damages solely caused by the negligence or willful misconduct of the City, its elected or appointed officials, officers, employees, or agents.

C. Recording of Documents

The Deed of Trust (Exhibit D) and the Use Restriction Covenant Agreement (Exhibit E) shall be acknowledged by each of the parties thereto and shall be recorded, at the expense of the Agency, in the official records of Snohomish County.

D. Rights in Data

The City may duplicate, use, and disclose in any manner and for any purposes whatsoever, and have others so do, all data delivered under this Loan Agreement. The Agency hereby grants to the City a royalty-free, nonexclusive, and irrevocable license to publish, translate, reproduce, deliver, perform, dispose of, and to authorize others so to do, all data now or hereafter covered by

copyright, PROVIDED, that with respect to data not originated in the performance of this Loan Agreement, such license shall be only to the extent that the Agency has the right to grant such license without becoming liable to pay compensation to others because of such grant. The Agency shall exert all reasonable effort to advise the City, at the time of delivery of data furnished under this Loan Agreement, of all invasions of right of privacy contained therein and of all portions of such data copied from work not composed or produced in the performance of this Loan Agreement and not licensed under this clause. The Agency shall report to the City promptly, and in written detail, each notice of claim of copyright infringement received by the Agency with respect to all data delivered under this Loan Agreement. The Agency shall not affix any restrictive markings upon any data, and if such markings are affixed, the City shall have the right at any time to modify, remove, obliterate, or ignore such markings.

E. Evaluation

The Agency agrees to participate with the City in any evaluation or audit of the Project conducted by the County or HUD, and to make available all information in its possession relevant to such evaluation or audit.

F. Severability

It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is held by a court to be invalid or void, the validity of the remaining provisions shall not be affected, and the rights and obligations of the parties shall remain in full force and effect and shall be construed and enforced as if the Loan Agreement did not contain the particular provision held to be invalid.

If it should appear that any provision hereof is in conflict with any statute or ordinance of the United States, the State of Washington, Snohomish County, or the City of Everett, said provision which may conflict therewith shall be deemed modified to conform to such statutory provision.

G. Entire Agreement – Modification

This Amended Loan Agreement constitutes the entire agreement between the parties as to the subject matter hereof and supersedes all prior discussions and understandings between them. This Amended Loan Agreement may not be amended or modified in any manner except by an instrument in writing signed by a duly authorized officer or representative of each of the parties hereto. The City and the Agency agree that this Amended Loan Agreement shall be modified if necessary to achieve compliance with HUD requirements.

H. Notices

Written notices and other written communications by and between the parties hereto shall be in writing, shall be personally delivered, emailed, or sent by certified mail, return receipt requested, postage prepaid, and shall be deemed given when so delivered or received. All notices shall be addressed as follows:

CITY:

City of Everett Department of
Planning and Community
Development
2930 Wetmore Ave., Suite 8A
Everett, WA 98201
Attn: Ross Johnson

AGENCY:

HOUSING HOPE
5830 Evergreen Way
Everett, WA 98203
Attn: Bobby Thompson
Housing Director

Either party may change the address to which notices shall be sent by notice to the other party in the manner and with the effect set forth in this Section VII-H.

I. Gender

The use of the plural in this Loan Agreement shall include the singular and the singular shall include the plural; and the use of one gender shall be deemed to include either gender.

J. Captions

The captions used in this Loan Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of the intent of this Loan Agreement.

K. Time of the Essence

Time is of the essence in the performance of each party's obligations under this Agreement. Each party will carry out its obligations under this Loan Agreement diligently and in good faith.

L. Oral Agreements

Oral agreements or oral commitments to loan money, to extend credit or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

SIGNATURE PAGE FOLLOWS

WHEREFORE, this Loan Agreement is executed by the authorized representative of each of the parties, on the dates set forth below.

CITY:

AGENCY:

CITY OF EVERETT, a municipal corporation of the State of Washington

HOUSING HOPE, a Washington non-profit corporation

By: Ray Stephanson
Ray Stephanson, Mayor

By: Fred Safstrom
Fred Safstrom
Chief Executive Officer

Date: 7-25-2016

Date: 7-21-16

ATTEST:

for Anna Pankevich
Sharon Fuller, City Clerk

Date: 7-25-2016

APPROVED AS TO FORM ONLY:

Jim Iles
Jim Iles, City Attorney


Date: 7/21/16

ACKNOWLEDGEMENT

STATE OF WASHINGTON)

COUNTY OF SNOHOMISH)

On this 25th day of JULY, 2016, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Ray Stephanson**, to me personally known (or proved on the basis of satisfactory evidence) to be the **Mayor** of CITY OF EVERETT, a municipal corporation of the State of Washington, that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.



NOTARY PUBLIC in and for the State of Washington

MARIETTE MAYCHRZAK

(Print Name)

My Commission expires: MAY 19, 2018

ACKNOWLEDGEMENT

STATE OF WASHINGTON)

COUNTY OF SNOHOMISH)

On this 21st day of July, 2016, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Fred Safstrom**, to me personally known (or proved on the basis of satisfactory evidence) to be the **Chief Executive Officer** of HOUSING HOPE, a Washington non-profit corporation, that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.



[Signature]
NOTARY PUBLIC in and for the State of Washington

JASON MALOY
(Print Name)

My Commission expires: 6/25/2017

AMENDED EXHIBIT A

PROJECT DESCRIPTION

KENNEDY COURT IMPROVEMENT PROJECT

I. PROJECT DESCRIPTION

Kennedy Court Improvement Project is located at 3228, 3230, and 3232 Norton Ave., Everett, WA 98201, and further identified in Attachment 1 to this Exhibit A (the "Property" or "Kennedy Court"). Kennedy Court is an existing, occupied property that Housing Hope originally purchased in 1991.

The Project includes the rehabilitation of the occupied buildings of the Property to extend their useful life and to provide upgrades to the residential units. Agency will use the City HOME funds that are the subject of this Agreement to rehabilitate the property. There are eight (8) units in the Project: seven (7) shall be designated HOME-Assisted Units.

II. PROJECT CONFIGURATION

- A. The Property consists of three (3) small contiguous parcels on a site with a total of 0.37 acres. The site contains four (4) existing apartment buildings, with 2 units each and a laundry area.

There are two (2) two-bedroom units and six (6) three-bedroom units. The Project will involve the substantial renovation of the Property to extend its useful life and to improve the living conditions for the existing and future residents.

- B. The rehabilitation will include:

1. Replacement and enhancement of various interior unit finishes;
2. Building envelope preservation upgrades, including siding, roofing, and window replacements;
3. The conversion of an underutilized community room to a common laundry area; and
4. The redesign and implementation of an upgraded common courtyard area.
5. Conversion of one unit to be ADA compliant.
6. The final detailed scope of work will be approved by the City.

III. RESIDENT POPULATION

From the Effective Date and thereafter for the 15 year term of the Use Restriction Covenant Agreement, seven (7) units shall be occupied by Very Low-Income tenants with incomes not exceeding 50% of Area Median Income ("AMI") respectively, for the Seattle-Bellevue, WA HUD Metro FMR ("fair market rents") area, at the time of initial occupancy as indicated herein. The Project includes seven (7) "HOME-Assisted Units."

The overall project will serve the following populations:

| % of Median Income | Studio | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR | Total Units / Beds |
|---------------------------|--------|------|----------|----------|------|------|--------------------|
| 30% | | | | | | | |
| 50% | | | 1 | 6 | | | 7 |
| 60% | | | | | | | |
| 80% | | | | | | | |
| Mgr's Unit (unrestricted) | | | 1 | | | | 1 |
| Totals | | | 2 | 6 | | | 8 |

The HOME-Assisted Units will include:

| # HOME UNITS | Studio | 1 BR | 2 BR | 3 BR | 4 BR | 5 BR | Total Units |
|---------------------------|--------|------|----------|----------|------|------|-------------|
| Fixed | | | | | | | |
| Floating | | | 1 | 6 | | | 7 |
| | | | | | | | |
| % of Median Income | | | | | | | |
| 30% | | | | | | | |
| 50% | | | 1 | 6 | | | 7 |
| 60% | | | | | | | |
| 80% | | | | | | | |
| TOTALS | | | 1 | 6 | | | 7 |

The specific populations to be served include the following:

| Specific Populations to be Served | Homeless | Non-Homeless |
|------------------------------------|----------|--------------|
| General | | 8 |
| Families with Dependent Children | | |
| Seniors / | | |
| Disabled (specify) | | |
| Farmworkers | | |
| Special Needs (specify) | | |
| Other (Elderly (62+) and disabled) | | |

The income and set-aside requirements are set forth herein and are subject to the requirements of Section III of the Loan Agreement.

IV. HOME-ASSISTED UNITS

From the Effective Date of 9/25/2015 and thereafter for the HOME Program Compliance Period, the Agency shall operate and manage the HOME-Assisted Units for occupancy by Very Low-Income households as provided above. As provided in Section III of the Loan Agreement, seven (7) of the eight (8) units are "Floating HOME-Assisted Units", which shall include one (1) two-bedroom unit and six (6) three-bedroom units.

The HOME-Assisted Units shall be rented only to households whose incomes do not exceed fifty percent (50%) of the AMI limit ("Very Low-Income") at the time of initial occupancy. Prior to the Effective Date of 9/25/2015, the Agency shall designate and identify to the City the seven (7) HOME-Assisted Units. Said Units are thereupon designated "floating HOME Units" pursuant to 24 CFR § 92.252(j). If and as necessary to accommodate tenant applicants' and occupants' circumstances and changes in post-occupancy income, the Agency may from time to time re-designate units as HOME-Assisted Units, subject to the comparability requirements of 24 CFR § 92.252(j). The Agency shall maintain continuous accounting and documentation for all such changes.

V. TENANT INCOME AND OCCUPANCY PROVISIONS

Income limits are those set and revised periodically by the U.S. Department of Housing and Urban Development and are based upon median incomes in the Seattle-Bellevue, WA HUD Metro Fair Market Rent ("FMR") area and adjusted to household size. These limits are available at: <http://www.huduser.org/portal/datasets/il.html>. The Agency shall be responsible for utilizing the current annually adjusted income limits. The County shall make the current year's income limits available to the Agency upon written request.

The Agency shall provide seven (7) units targeted to Very-Low Income households that have annual incomes at or below 50% of Area Median Income (AMI), for the Seattle-Bellevue, WA HUD Metro FMR area. If at any time HUD no longer estimates median income, the income standard shall be based on a program selected by the City. The Agency shall verify Property residents' income only in accordance with methods prescribed by or agreed to by the County.

The HOME-Assisted Units shall be rented only to households whose income does not exceed the 50% of Area Median Income (AMI) limit at the time of initial occupancy. Each tenant household's income shall be ascertained and verified, as provided at 24 CFR § 92.203 and 24 CFR Part 5. Further, tenant household income shall be reexamined annually in accordance with 24 CFR § 92.252(h) and rents for households determined to be over-income shall be adjusted according to 24 CFR

§ 92.252(i). Income limits, as provided at 24 CFR § 92.252, are those set and revised periodically by the U.S. Department of Housing and Urban Development and are based upon median incomes in the Seattle-Bellevue, WA HUD Metro FMR area and adjusted to household size. These limits are available at <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>, the HOME program website.

VI. RENT RESTRICTION PROVISIONS

Gross monthly rent for the HOME-Assisted Units, shall not exceed the rent limitation as provided at 24 CFR § 92.252(a), and as amended, and as specified in Section III C of this Loan Agreement. Annual rent limits for HOME-Assisted Units in the Seattle-Bellevue, WA HUD Metro FMR area are published by the U.S. Department of Housing and Urban Development at the HOME program website at <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>. These limits incorporate average occupancy per unit and adjusted income assumptions. The Agency shall be responsible for utilizing the current annually adjusted rent limits. The County shall make a copy of the current year's rent limits available to the Agency upon written request.

If a HOME-Assisted Unit also receives a project-based rental subsidy or the tenant receives a federal or state direct rental subsidy, and the household pays a contribution toward rent not more than thirty (30%) of the household's adjusted income, then the maximum rent (i.e., tenant contribution plus rental subsidy) is the rent allowable under the federal or state rental subsidy program.

Seven of the eight units in the Project are subsidized with a project-based voucher Housing Assistance Payments (HAP) contract from HASCO, ensuring that residents pay just 30% of their income towards rent.

Gross monthly rent incorporates an allowance for tenant-paid utilities (excluding telephone and cable TV), which is deducted to determine the maximum net monthly rent payable by the tenant.

VII. REQUIRED ASBESTOS AND LEAD BASED PAINT MITIGATION

Recommendations for Asbestos and Lead Based Paint mitigation included in the reports completed by NVL Labs on July 21 & 22, 2015 for Asbestos, and on August 6, 2015 for Lead Based Paint must be followed:

A. Requirements for Lead Based Paint discovered at 3228 and 3230 Norton:

1. Lead-based paint was discovered during the lead-based paint risk assessment of the duplex on July 17, 2015. Condition of paint on these components is identified as "INTACT".

2. Some areas of exterior siding (side B & D) with intact paint condition have some moisture issues. Even though the component does not require immediate remedial actions, but the owner can opt to:
 - a. Control the source of moisture intrusion on exterior siding (side B & D);
 - b. Replace siding with new lap siding or Enclose exterior siding (side B & D) with metal or vinyl sidings.
3. Based on the remediation action taken on the site, the owner should follow the Standard Re-evaluation Schedule 5 (Table 6.1), attached to the above-mentioned report.
4. As per 40 CFR 745 (Renovation, Repair, and Painting Rule), which went into effect on April 22, 2010, any repair, renovation or paint work conducted on lead-based paint component in a pre-1978 housing or child occupied facility built before 1978, should be performed by EPA Certified Firm and EPA Certified Renovators.
5. For housing receiving Federal Assistance (24 CFR Part 35), any paint stabilization or interim control work, in pre-1978 housing, which would disturb lead-based paint surface above de minimis levels (as defined under the code), should be performed by EPA Certified Firm and Certified Renovators (additional conditions might apply).
6. Section 1018 of Title X requires the U.S. Environmental Protection Agency ("EPA") and the U.S. Department of Housing and Urban Development ("HUD") to promulgate joint regulations for the disclosure of lead-based paint in pre-1978 housing ("target housing") which is offered for sale or lease. EPA and HUD jointly promulgated regulations. These regulations were published on March 6, 1996, at 61 FR 9064, and are codified at 40 Code of Federal Regulations ("C.F.R.") Part 745, Subpart F and 24 C.F.R. Part 35, Subpart H ("Disclosure Rule").
7. Those surfaces that do not contain lead-based paint at or above federal standards of 1.0mg/cm² or 0.5 percent lead by weight may still pose a hazard if disturbed.
8. Occupational Safety and Health Administration (OSHA) and the Department of Labor and Industries, Division of Occupational Safety and Health (DOSH) regulate worker safety and health in construction and demolition work that impacts surface films with detectable levels of lead.

B. Requirements for Asbestos:

1. Friable asbestos was not found in 3228 Norton.
2. The location and description of where friable asbestos was found in 3230 Norton are:
 - a. Approximately 3000 square feet of asbestos-containing wall texturing in Unit A. This material is present on the walls in all rooms of the unit.

- b. Approximately 900 square feet of asbestos-containing popcorn ceiling material located on the ceilings in Unit A of the structure.
 - c. Approximately 900 square feet of asbestos-containing popcorn ceiling material located on the ceilings in Unit B of the structure.
3. Contractors should be aware that concealed suspect asbestos-containing building materials may be uncovered during the course of demolition or renovation work. Contractors should have contingency plans that include stopping work, evacuation of the immediate area and sampling by a certified AHERA Building Inspector whenever these materials are found. Concealed suspect materials may include, but are not limited to: non-fiberglass pipe or roof drain insulation; spray-applied coatings; cement board; asphalt or paper vapor barriers; floorings and adhesives.
4. If discovered, all asbestos-containing materials that will be disturbed as a natural part of renovation and/or demolition are required to be removed and disposed of in accordance with Washington State regulations. Washington State Department of Labor and Industries and PSCAA require that the abatement be performed using Certified Asbestos Workers under the direct on site supervision by a Certified Asbestos Supervisor.
5. NVL recommends that an AHERA inspector/project manager be on site at the time of renovation/demolition to ensure that any potentially asbestos-containing materials uncovered during the process of renovation/demolition be dealt with properly.
6. Based on the conclusions of NVL Labs, Inc., the City is making the following recommendations regarding asbestos:
 - a. A copy of the inspection report should be maintained at the project site during the duration of any renovations;
 - b. A copy of the inspection report should be provided to the General Contractor and any Sub Contractors working on the renovation project;
 - c. A licensed asbestos abatement contractor must be utilized to remove any asbestos-containing materials that will be impacted by the renovations.

VIII. IMPLEMENTATION SCHEDULE

| | |
|--|------------|
| All financing committed | 7/25/2016 |
| Select contractor | 8/15/2016 |
| Permits issued, Notice to Proceed & Begin Rehabilitation | 9/1/2016 |
| Complete mitigation for ACM and LBP | 12/31/2016 |
| Complete rehabilitation | 9/30/2017 |
| HOME expenditure deadline | 12/31/2017 |

ATTACHMENT 1, AMENDED EXHIBIT A
Property Legal Description

The land referred to is situated in the County of Snohomish, City of Everett, State of Washington, and is described as follows:

Parcel A

Lots 19 and 20, Block 772, PLAT OF EVERETT DIVISION "H", according to the plat thereof recorded in Volume 4 of Plats, page 50, records of Snohomish County, Washington; EXCEPT the South 5 feet of the West 18 feet of Lot 19;

Parcel B

Lots 17 and 18

TOGETHER WITH the South 5 feet of the West 18 feet of Lot 19, Block 772, PLAT OF EVERETT DIVISION "H", according to the plat thereof recorded in Volume 4 of Plats, page 50, records of Snohomish County, Washington.

BOTH SITUATE in the County of Snohomish, State of Washington

**AMENDED EXHIBIT B
APPROVED CONTRACT BUDGET
COST REIMBURSEMENT**

PROGRAM Kennedy Court Improvement Project

TITLE:

AGENCY: Housing Hope

ADDRESS: 5830 Evergreen Way, Everett, WA 98203

CONTRACT From September 25, 2015
PERIOD:

To September 30, 2055

REVENUE SOURCES:

FUNDS AWARDED UNDER CONTRACT:

| REVENUE SOURCE | AMOUNT |
|--|------------------|
| 2010 HOME, CFDA #14.239 - HOME Investment Partnerships Program | \$145,000 |
| 2012 HOME, CFDA #14.239 - HOME Investment Partnerships Program | \$304,214 |
| 2013 HOME, CFDA #14.239 - HOME Investment Partnerships Program | \$124,084 |
| TOTAL FUNDS AWARDED: | \$573,298 |

NON-FEDERAL MATCHING RESOURCES:

Housing Hope \$105,556

TOTAL NON-FEDERAL RESOURCES: \$105,556

| | | |
|----------------------------------|-----------------|-------------------|
| MATCH REQUIREMENTS FOR CONTRACT: | PERCENTAGE: 15% | AMOUNT: \$105,556 |
| (For HOME funds only) | | |

OTHER PROGRAM RESOURCES (Identify):

| SOURCE | PERIOD | AMOUNT |
|------------------------|--------|------------------|
| Federal | | None |
| State | | None |
| Local | | None |
| Other | | None |
| TOTAL RESOURCES | | \$678,854 |

**SNOHOMISH COUNTY
HUMAN SERVICES DEPARTMENT**

EXPENDITURES

| CATEGORY | City HOME Funds | MATCHING RESOURCES- Housing Hope | TOTAL |
|--|--------------------------------|---|------------------|
| <i>Acquisition Costs:</i> | | | |
| Purchase Price | | | |
| Closing, Title, & Recording Costs | | | |
| SUBTOTAL | | | |
| <i>Construction:</i> | | | |
| Basic Construction Contract | \$477,068 | | \$477,068 |
| Off-site Improvements | | | |
| Infrastructure Improvements | | | |
| Construction Contingency (15%) | 45,269 | \$26,291 | 71,560 |
| Sales Taxes | 43,889 | 6,585 | 50,474 |
| Other Construction Costs: On site storage units | 840 | | 840 |
| SUBTOTAL | 567,066 | 32,876 | 599,942 |
| <i>Development Costs:</i> | | | |
| <i>Professional</i> | | | |
| Appraisal | | | |
| Architect/Engineer | 2,732 | 7,680 | 10,412 |
| Environmental Assessment | | | |
| Geotechnical Study | | | |
| Boundary & Topographic Survey | | | |
| Developer Fee | | | |
| Other Consultants: Cost Study | | | |
| SUBTOTAL | 2,732 | 7,680 | 10,412 |
| <i>Other Development Costs:</i> | | | |
| Soft Cost Contingency | | 10,000 | 10,000 |
| Insurance | | 5,000 | 5,000 |
| Permits, Fees, & Hookups | 3,500 | | 3,500 |
| Impact/Mitigation Fees | | | |
| Relocation | | 28,000 | 28,000 |
| Construction Interest | | | |
| Project Related Costs | | | |
| Capitalized Replacement Reserves | | 22,000 | 22,000 |
| Accounting/Audit | | | |
| SUBTOTAL | 3,500 | 65,000 | 68,500 |
| Total Cost: | \$573,298 | \$105,556 | \$678,854 |

**SNOHOMISH COUNTY
HUMAN SERVICES DEPARTMENT**

EXPENDITURE NARRATIVE

| AMOUNT | TYPE OF EXPENDITURE: i.e. Salaries: 40% Program person, etc. Benefits: FICA, MEDICAL, etc. Communications: Postage, etc. |
|--------|--|
| | See page 2 for details. |

**SNOHOMISH COUNTY
HUMAN SERVICES DEPARTMENT**

DETAIL SALARIES/WAGES

| POSITION | FT/PT | % OF TIME TO FUND | FUND | TOTAL MONTHLY | MONTHLY CHG TO FUND | TOTAL CHG TO FUND |
|-------------------|--------------|----------------------------------|-------------|--------------------------|------------------------------------|----------------------------------|
| Not applicable | | | | | | |

AMENDED EXHIBIT C

Form of PROMISSORY NOTE

\$573,298

Everett, Washington

1. Promise to Pay. In consideration for the financial assistance provided by Snohomish County ("Holder") pursuant to the Amended HOME Loan Agreement entered into between Maker and Holder on the ____ day of _____, 2016 ("Loan Agreement"), Housing Hope, a Washington non-profit corporation ("Maker"), hereby promises to pay to the order of Holder, at such place as Holder may designate in writing, in lawful money of the United States of America, the principal sum of Five Hundred Seventy-Three Thousand Two Hundred Ninety-Eight Dollars (\$573,298) on the terms and conditions set forth herein and in the Loan Agreement (the "Loan").

2. Term. The Note shall be due Forty (40) years from the Effective Date of the Amended Loan Agreement, subject the provisions of Section 3 of this Promissory Note.

3. Payment of Principal and Interest. The principal and interest shall be deferred and shall become due under this Note upon completion of the term of the Loan Agreement.

4. Interest. Three percent (3%) simple interest shall accrue on the unpaid principal balance,

5. Prepayment. Maker shall have the right to prepay this Note in full or in part at any time and from time to time without payment of a prepayment fee or penalty.

6. Default. This Note shall be in default (a) if payment is not made when due, and such default shall continue for a period of ten (10) days after any written notice to the Maker from Holder hereof specifying such default and requiring the same to be remedied; or (b) if Maker fails to fully comply with any covenants, terms, or provisions of the Loan Agreement or any instruments relating to or securing this Note executed by Maker ("Loan Documents"), and such default continues after notice to Maker and the expiration of any period granted to Maker for curing such default as set forth below.

Upon such a default the whole sum of principal hereunder shall become immediately due and payable according to the terms herein. As long as this Note is in default, then, at the option of the Holder, without prior notice, this Note shall bear interest at the rate of ten percent (10%) per annum.

A. Curing of Monetary Default. If a monetary event of default occurs under the terms of any of the Loan Documents, before exercising any remedies thereunder, Holder shall give Maker written notice of such default. Maker shall have a period of ten (10) days after such notice is given within which to cure the default before exercise of remedies by Holder under the Loan Documents, or such longer period of time as may be specified in the Loan Documents.

A default in payment of any amount due hereunder may be cured only by payment in full of such amount plus the interest accrued from the date of default, as stated above, on the unpaid principal balance as of the date of default until the date of payment resulting from application of a default rate of interest as provided herein, if any, that may be due hereunder or under any instrument relating to or securing this Note, plus any attorneys' fees incurred by the Holder by reason of such default.

B. Curing of Nonmonetary Default. If a nonmonetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder, Holder shall give Maker written notice of such default.

If the nonmonetary default is reasonably capable of being cured within thirty (30) days, Maker shall have such period to effect a cure prior to exercise of remedies by Holder under the Loan Documents, or such longer period of time as may be specified in the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) days or such longer period if so specified, and if Maker in the reasonable determination of Holder (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Maker shall have such additional time as Holder determines is reasonably necessary to cure the default prior to exercise of any remedies by Holder. In no event shall Holder be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or if the default is not cured within sixty (60) days after the first notice of default is given, or such longer period of time as may be specified in the Loan Documents.

7. Nonwaiver. Failure to exercise any right the Holder may have or be entitled to in the event of any default hereunder shall not constitute a waiver of such right or any other right in the event of any subsequent default.

8. Waiver of Presentment. The Maker and all guarantors and endorsers hereof hereby severally waive presentment for payment, protests, and demand, notice of protest, demand, dishonor, and nonpayment of this Note, and consent that the Holder hereof may extend the time of payment or otherwise modify the terms of payment of any part or the whole of the debt evidenced by this Note, by agreement between the Holder and Maker, and such consent shall not alter or diminish the liability of any person or the enforceability of this Note. Each and every party signing or endorsing this Note binds itself as a principal and not as a surety. This Note shall bind the undersigned and its successors and assigns, jointly and severally.

9. Security for Note. This Note is secured by a Deed of Trust (the "Deed of Trust") of even date herewith granted by the Maker, covering certain real property in Snohomish County, Washington, together with the buildings and improvements now or hereafter erected thereon (the "Premises").

10. Collection Costs. Maker agrees to pay all costs, including reasonable attorneys' fees, incurred by Holder hereof in any suit, action, or appeal therefrom, or without suit, in connection with collection hereof, foreclosure of the Deed of Trust, or enforcement of any instrument securing payment hereof or otherwise relating to or securing this Note.

11. Maximum Interest. Neither this Note nor any instrument securing payment hereof or otherwise relating to the debt evidenced hereby shall require the payment or permit the collection of interest in excess of the maximum permitted by any applicable usury statute or any other law (the "Maximum Rate"). If this Note or any other such instrument does so provide, the provisions of this paragraph shall govern, and neither Maker nor any endorsers of this Note nor their respective heirs, personal representatives, successors, or assigns shall be obligated to pay the amount of interest in excess of the Maximum Rate. In such event, the interest rate in excess of the Maximum Rate shall be reduced by appropriate credits to the balance owing at maturity hereunder so that the Maximum Rate shall not be exceeded.

12. Notice. Any demand or notice to be made or given under the terms hereof or any instrument now or hereafter relating to or securing this Note by the Holder to Maker shall be effective when mailed, emailed, or delivered by registered mail, postage prepaid, to the Maker to the addresses set forth in the Loan Agreement.

13. Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Washington and applicable federal law.

14. Nonrecourse. Notwithstanding any other provision hereof or of any other instrument relating to or securing this Note, the Maker, its managers, members, officers and employees shall not have any personal liability for the indebtedness evidenced hereby or any deficiency judgment, and upon the occurrence of a default or event of default hereunder, the Holder hereof shall look solely to the instruments by which this Note is secured and the Premises constituting the security, together with the rents, issues, and profits thereof for satisfaction of the indebtedness, and resort shall not be made to any other property of the Maker; PROVIDED, HOWEVER, that nothing herein contained shall limit or be construed to limit or impair the enforcement against said Premises of the rights and remedies of the Holder hereof, including the joinder of the Maker in any action to foreclose the liens and security interests securing this Note, and PROVIDED, FURTHER, that nothing herein shall diminish Maker's liability for damages or deficiencies resulting from theft, waste, fraud, material misrepresentation or misuse of rents.

15. Loan Agreement. This Note is subject to the terms and conditions of the Loan Agreement between the Maker and Holder dated as of the ____ day of _____, 2016. Disbursement of the funds evidenced by this Note is to be made subject to the terms and conditions of said Loan Agreement.

16. Casualty and Condemnation. In the event of any fire or other casualty to the Premises or eminent domain proceedings resulting in condemnation of the Premises or any part thereof, Maker shall have the right to rebuild the Premises, and to use all available insurance or condemnation proceeds therefor, PROVIDED that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Premises in a manner that provides adequate security to Holder for repayment of the Loan, or, if such proceeds are insufficient, then Maker shall have funded any deficiency; (b) Holder shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement; and (c) no material default then exists under the Loan Documents. If the casualty or condemnation affects only part of the Premises and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and

partial repayment of the Loan in a manner that provides adequate security to Holder for repayment of the remaining balance of the Loan.

MAKER:

HOUSING HOPE,
a Washington non-profit corporation

By: _____
Fred Safstrom, Chief Executive Officer

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT
OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT
ENFORCEABLE UNDER WASHINGTON LAW.**

ACKNOWLEDGEMENT

STATE OF WASHINGTON)
)
COUNTY OF _____)

On this _____ day of _____, 2016, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Fred Safstrom**, to me personally known (or proved on the basis of satisfactory evidence) to be the **Chief Executive Officer** of **HOUSING HOPE**, a Washington non-profit corporation, that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.

NOTARY PUBLIC in and for the State of Washington

(Print Name)

My Commission expires: _____

AMENDED EXHIBIT D

Form of DEED OF TRUST

THIS DEED OF TRUST, made this ____ day of _____, 2016, by and among HOUSING HOPE, GRANTOR, whose address is 5830 Evergreen Way, Everett, WA 98204, OLD REPUBLIC TITLE COMPANY, a Washington corporation, ("Trustee"), whose address is 19020-33rd Ave. W., Suite 360, Lynnwood, WA 98036, and the City of Everett, a municipal corporation of the State of Washington (the "City") , ("Grantee" or "Beneficiary"), whose address is 2930 Wetmore Ave., Suite 8A, Everett, WA 98201.

WITNESSETH: Grantor hereby bargains, sells and conveys to Trustee in Trust, with power of sale, the real property in Snohomish County, Washington described in Attachment 1 attached hereto and incorporated herein by this reference ("the Premises"), which real property is not used principally for agricultural or farming purposes, together with all the tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any wise appertaining, and the rents, issues and profits thereof (the "Property").

This Deed of Trust is for the purpose of securing performance of each agreement of Grantor contained herein and in the Amended Loan Agreement between the Grantor and the Beneficiary (hereinafter the "Loan Agreement") dated the ____ day of _____, 2016, and payment of the sum of Five Hundred Seventy-Three Thousand Two Hundred Ninety-Eight Dollars (\$573,298), in accordance with the terms of a promissory note of even date herewith (the "Note"), payable to Beneficiary or order, made by Grantor, and all renewals, modifications and extensions thereof, and also such further sums as may be advanced or loaned by Beneficiary to Grantor, or any of their successors or assigns, together with interest thereon at such rate as shall be agreed upon.

To protect the security of this Deed of Trust, Grantor covenants and agrees:

1. To keep the Premises in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building that may be constructed, damaged, or destroyed, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Premises or requiring any alterations or improvements to be made; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon the Premises in violation of law; and to do all other acts which from the character or use of the Premises may be reasonably necessary to preserve and conserve its value.

2. To pay before delinquent all taxes, assessments and any other charges affecting the Property when due; and to keep the Property free and clear of all other encumbrances, charges, and liens impairing the security of this Deed of Trust, subject to the Grantor's right to contest such taxes, assessments and other charges in good faith.

3. To keep all buildings now or hereafter erected on the Property described herein continuously insured against loss by fire or other hazards in an amount not less than the total debt secured by this Deed of Trust. The Beneficiary shall be an additional insured under all

such insurance policies, which shall be issued by such companies as the Beneficiary may approve and have loss payable first to the Beneficiary, as its interest may appear, and then to the Grantor. Except as otherwise set forth in the Loan Agreement, the Priority Agreement (as that term is defined in the Loan Agreement) or the Note, the amount collected under any insurance policy may be applied to any indebtedness hereby secured in such order as the Beneficiary shall determine. Such application by the Beneficiary shall not cause discontinuance of any proceedings to foreclose this Deed of Trust. In the event of foreclosure, all rights of the Grantor in insurance policies then in force shall pass to the purchaser at the foreclosure sale.

4. To defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of title search and attorneys' fees in a reasonable amount, in any such action or proceeding, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

5. To pay all costs, fees and expenses in connection with this Deed of Trust, including the expenses of the Trustee incurred in enforcing the obligations secured hereby and Trustee's and attorneys' fees actually incurred, as provided by statute.

6. Should Grantor fail to pay when due any taxes, assessments, insurance premiums, liens, encumbrances or other charges against the Property hereinabove described, Beneficiary may pay the same, and the amount so paid, with interest at the rate set forth in the Note secured hereby, shall be added to and become a part of the debt secured in this Deed of Trust.

IT IS MUTUALLY AGREED THAT:

1. Except as otherwise set forth in the Loan Agreement or the Note, in the event any portion of the Property is taken or damaged in an eminent domain proceeding, the entire amount of the award or such portion as may be necessary to fully satisfy the obligation secured hereby, shall be paid to Beneficiary to be applied to said obligation.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right to require prompt payment when due of all other sums so secured or to declare default for failure to so pay.

3. The Trustee shall reconvey all or any part of the Property covered by this Deed of Trust to the person entitled thereto on written request of the Grantor and the Beneficiary, or upon satisfaction of the obligation secured and written request for reconveyance made by the Beneficiary or the person entitled thereto.

4. Upon the occurrence of default by Grantor in the payment of any indebtedness secured hereby ("Monetary Default") or in the performance of any agreement contained herein ("Non-Monetary Default") (after the expiration of any applicable cure period), all sums secured hereby shall immediately become due and payable in accordance with the loan documents (at the option of the Beneficiary). In such event and upon written request of Beneficiary, Trustee shall sell the trust Property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorneys' fee; (2) to the

obligation secured by this Deed of Trust; and (3) the surplus, if any, shall be distributed to the persons entitled thereto.

- a. Curing of Monetary Default. If a monetary event of default occurs under the terms of any of the Loan Documents, before exercising any remedies thereunder, Grantee shall give Grantor written notice of such default and provide for a cure period of ten (10) calendar days after such notice is given, or such longer period of time as may be specified in the Loan Documents, within which to cure the default before exercise of remedies by Grantee under this Deed of Trust or the Loan Documents.
- b. Curing of Non-Monetary Default. If a non-monetary event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder, Grantee shall give Grantor written notice of such default and provide for a cure period of thirty (30) calendar days after such notice is given, or such longer period of time as may be specified in the Loan Documents, within which to cure the default before exercise of remedies by Grantee under this Deed of Trust or the Loan Documents. If the default is such that it is not reasonably capable of being cured within thirty (30) calendar days or such longer period if so specified, and if Grantor, in the reasonable determination of Grantee, (a) initiates corrective action within said period and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Grantor shall have such additional time as Grantee determines is reasonably necessary to cure the default prior to exercise of any remedies by Grantee. In no event shall Grantee be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

5. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the Property which Grantor had or had the power to convey at the time of its execution of this Deed of Trust, and such as it may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value.

6. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Washington is not an exclusive remedy; Beneficiary may cause this Deed of Trust to be foreclosed as a mortgage.

7. In the event of the death, incapacity, disability or resignation of Trustee, Beneficiary may appoint in writing a successor trustee, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Grantor, Trustee or Beneficiary shall be a party unless such action or proceeding is brought by the Trustee.

8. This Deed of Trust applies to and inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors and assigns. The term Beneficiary shall mean the holder and owner of the Note secured hereby, whether or not named as Beneficiary herein.

GRANTOR FURTHER AGREES:

1. Grantor will perform each and every obligation contained in the Loan Agreement and any amendments thereof.

2. Grantor will charge rent to tenants of the Premises described herein according to the (i) Rent Restriction Provisions contained in Section VI, Exhibit A to the Loan Agreement and (ii) the Use Restriction Covenant Agreement attached as Exhibit E to the Loan Agreement and to be recorded against the Property.

3. Grantor will ensure that the Property will remain affordable pursuant to the terms of the foregoing Loan Agreement without regard to the term of any other deed of trust or the transfer of ownership, for not less than the term of this Deed of Trust, except that, upon foreclosure of the Property described herein by another lender or other transfer in lieu of such a foreclosure, the affordability period of this Deed of Trust shall be terminated if that foreclosure or other transfer recognizes any contractual or legal rights of public agencies, nonprofit sponsors, or others to take actions that would avoid the termination of low-income affordability. However, the affordability restrictions of this Deed of Trust shall be revived according to the original terms set forth herein if, during the period hereunder, the owner of record before foreclosure under any other deed of trust or deed of trust or other transfer, or any entity that includes the former owner or those with whom the former owner has or had family business ties, obtains an ownership interest in the Property described herein, in which event the affordability period shall be revived according to its original terms as set hereunder.

4. If Grantor shall fail to perform any obligation hereunder and the Beneficiary elects to perform the same and expends any monies therefor, such expenditure shall be deemed in addition to the amount secured by this deed of trust and be immediately due and payable in accordance with the loan documents.

5. If an event of default occurs under the foregoing Loan Agreement or Note (after the expiration of any applicable cure period), the whole indebtedness secured thereby shall be due and payable in accordance with the loan documents and the Beneficiary may proceed to foreclose this Deed of Trust. If the Beneficiary shall incur any costs and expenses, including reasonable attorneys' fees and costs of any title reports, in connection with the performance of any of its rights hereunder including foreclosure, such costs and expenditures shall remain secured by this Deed of Trust and shall be immediately due and payable by Grantor.

GRANTOR:

HOUSING HOPE,
a Washington non-profit corporation

By: _____
Fred Safstrom, Chief Executive Officer

ACKNOWLEDGEMENT

STATE OF WASHINGTON)
)
COUNTY OF _____)

On this _____ day of _____, 2016, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared, to me personally known (or proved on the basis of satisfactory evidence) to be the **Fred Safstrom**, to me personally known (or proved on the basis of satisfactory evidence) to be the **Chief Executive Officer** of **HOUSING HOPE**, a Washington non-profit corporation, that executed the foregoing instrument as **Grantor** and acknowledged said instrument to be the free and voluntary act and deed of said corporation on behalf of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

NOTARY PUBLIC in and for the State of Washington

(Print Name)

My Commission expires: _____

REQUEST FOR FULL RECONVEYANCE

Do not record. To be used only when note has been paid.

TO: TRUSTEE.

The undersigned is the legal owner and holder of the note and all other indebtedness secured by the within Deed of Trust. Said note, together with all other indebtedness secured by said Deed of Trust, has been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you thereunder.

Dated _____

ATTACHMENT 1, AMENDED EXHIBIT D
Property Legal Description

The land referred to is situated in the County of Snohomish, City of Everett, State of Washington, and is described as follows:

Parcel A

Lots 19 and 20, Block 772, PLAT OF EVERETT DIVISION "H", according to the plat thereof recorded in Volume 4 of Plats, page 50, records of Snohomish County, Washington; EXCEPT the South 5 feet of the West 18 feet of Lot 19;

Parcel B

Lots 17 and 18

TOGETHER WITH the South 5 feet of the West 18 feet of Lot 19, Block 772, PLAT OF EVERETT DIVISION "H", according to the plat thereof recorded in Volume 4 of Plats, page 50, records of Snohomish County, Washington.

BOTH SITUATE in the County of Snohomish, State of Washington

AMENDED EXHIBIT E

Form of USE RESTRICTION COVENANT AGREEMENT

This Use Restriction Covenant Agreement (the "Covenant Agreement") by and between **Housing Hope**, a Washington non-profit corporation, (the "Grantor" or "Agency"), and the **City of Everett**, (the "Grantee" or "City"), a municipal corporation of the State of Washington, is part of the consideration for the financial assistance provided by County pursuant to the Loan Agreement (the "Loan Agreement") entered into by the County and the Agency, dated _____, 2016, and as may be amended, for the rehabilitation of that certain real property legally described on Exhibit 1 attached hereto ("the "Property"), together with all tenements, privileges, reversions, remainders, irrigation and water rights, and stock, oil and gas rights, royalties, minerals and mineral rights, hereditaments and appurtenances belonging or in any way pertaining to the Property, and the rents, issues, and profits thereof.

This Covenant Agreement will be filed and recorded in the official public land records of Snohomish County, Washington, and shall constitute a restriction upon the use of the Property described herein, subject to and in accordance with the terms of this Covenant Agreement, for fifteen (15) years from September 25, 2015, until September 30, 2030.

The covenants contained herein are to be taken and construed as covenants running with the land and shall pass to and be binding upon the Owner, its successors and assigns, heirs, grantees, or lessees of the Property, beginning on the date of this Covenant Agreement. Each and every contract, deed, or other instrument covering or conveying the Property, or any portion thereof, shall be conclusively held to have been executed, delivered, and accepted subject to such covenants, regardless of whether such covenants are set forth in such contract, deed, or other instrument.

NOW, THEREFORE, it is hereby covenanted as follows:

1. The Agency shall operate the Property with residential units remaining affordable to Very Low-Income affordability levels as specified in the Loan Agreement for fifteen (15) years from the Effective Date of the Amended Loan Agreement, until September 30, 2030. The determination of Very Low-Income units shall be made by application of the income limits established and revised periodically by the U.S. Department of Housing and Urban Development ("HUD") based upon median incomes in the Seattle/Bellevue/Everett PMSA and adjusted for household size. If at any time HUD no longer estimates median income, the income standard shall be based on a program selected by the City. The Agency shall verify Property residents' income only in accordance with methods prescribed by or agreed to by the City.
2. The Agency shall provide seven (7) Units targeted to Very Low-Income households that have annual incomes at or below 50% of Area Median Income (AMI), for the Seattle-Bellevue, WA HUD Metro FMR ("fair market rents") area at move-in.
3. For the term of the HOME Program Compliance Period, which runs through September 30, 2030, as defined in Section I.G., Section III and Exhibit A of the Loan Agreement, seven (7) residential units, including one (1) two-bedroom unit and six (6) three-bedroom

units in the Property shall be floating HOME-Assisted Units, units as defined in the Loan Agreement. The maximum monthly rent and utility allowance and the tenant household income limits for the HOME-Assisted Units shall be established annually by the Agency in conformance with the Loan Agreement and the Department of Housing and Urban Development HOME Investment Partnership Act Program Regulations.

4. The Agency will provide safe and sanitary housing and will comply with all state and local housing codes, nondiscrimination, licensing requirements, and other requirements regarding the condition of the structure and the operation of rental housing in the jurisdiction in which the housing is located.
5. The Agency will keep any records and make any reports relating to compliance with this Covenant Agreement that the City may reasonably require. The Owner will make annual reports and certifications to the City in such form and with such accompanying documentation, and on such dates as the City may require.
6. The Agency hereby irrevocably grants an easement in gross to the City and its agents and employees, for the duration of this Covenant Agreement, to enter the Property during business hours on reasonable notice, subject to the rights of residential tenants and applicable landlord-tenant law, to inspect the condition of the Property, to interview tenants of the Property and verify income information and any other matters relevant to this Covenant Agreement, and to inspect and copy any documents maintained by Agency or its agents relevant to this Covenant Agreement.
7. If the Agency violates any of the foregoing covenants, and fails to correct the violation for a period of thirty (30) calendar days, or such additional time as may be reasonably necessary to cure the violation, after Agency's receipt of written notice of such violation from the County, the County may institute and prosecute any proceeding at law or equity to abate, prevent, or enjoin any such violation or to compel specific performance by the Agency of its obligations hereunder; PROVIDED that the Agency shall not be required by any provision herein to evict a residential tenant. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage, or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

IN WITNESS HEREOF, the Agency has executed this Covenant Agreement on the _____ day of _____, 2016.

AGENCY:

HOUSING HOPE,
a Washington non-profit corporation

By: _____
Fred Safstrom, Chief Executive Officer

ACKNOWLEDGEMENT

STATE OF WASHINGTON)
)
COUNTY OF _____)

On this _____ day of _____, 2016, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Fred Safstrom**, to me personally known (or proved on the basis of satisfactory evidence) to be the **Chief Executive Officer** of **HOUSING HOPE**, a Washington non-profit corporation, a public body corporate and politic organized and existing under the laws of the State of Washington, that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said corporation on behalf of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

NOTARY PUBLIC in and for the State of Washington

(Print Name)

My Commission expires: _____

ATTACHMENT 1, AMENDED EXHIBIT E
Property Legal Description

The land referred to is situated in the County of Snohomish, City of Everett, State of Washington, and is described as follows:

Parcel A

Lots 19 and 20, Block 772, PLAT OF EVERETT DIVISION "H", according to the plat thereof recorded in Volume 4 of Plats, page 50, records of Snohomish County, Washington; EXCEPT the South 5 feet of the West 18 feet of Lot 19;

Parcel B

Lots 17 and 18

TOGETHER WITH the South 5 feet of the West 18 feet of Lot 19, Block 772, PLAT OF EVERETT DIVISION "H", according to the plat thereof recorded in Volume 4 of Plats, page 50, records of Snohomish County, Washington.

BOTH SITUATE in the County of Snohomish, State of Washington

EXHIBIT F

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

HOUSING HOPE, a public body corporate and politic organized and existing under the laws of the State of Washington

By: _____
Fred Safstrom, Chief Executive Officer

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 13520348-0046

(See reverse for public burden disclosure.)

| | | |
|---|---|--|
| 1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> <input type="checkbox"/> f. loan insurance | 2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award | 3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____ |
| 4. Name and Address of Reporting Entity: Prime _____ Subawardee _____ Tier _____, if known : Congressional District, if known : | 5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known : | |
| 6. Federal Department/Agency: | 7. Federal Program Name/Description: CFDA Number, if applicable: _____ | |
| 8. Federal Action Number, if known : | 9. Award Amount, if known : \$ _____ | |
| 10. a. Name and Address of Lobbying Entity (if individual, last name, first name, MI): (attach Continuation Sheet(s) SF-LLLA, if necessary) | b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI): (attach Continuation Sheet(s) SF-LLLA, if necessary) | |
| 11. Amount of Payment (check all that apply): \$ _____ actual _____ planned _____ | 13. Type of Payment (check all that apply): <input type="checkbox"/> a. retainer <input type="checkbox"/> b. one-time fee <input type="checkbox"/> c. commission <input type="checkbox"/> d. contingent fee <input type="checkbox"/> e. deferred <input type="checkbox"/> f. other; specify: _____ | |
| 12. Form of Payment (check all that apply): <input type="checkbox"/> a. cash <input type="checkbox"/> b. in-kind; specify: nature _____ value _____ | 14. Brief Description of Services Performed or to be Performed and Date(s) of Service, including officer(s), employee(s), or Member(s) contacted, for Payment Indicated in Item 11: (attach Continuation Sheet(s) SF-LLLA, if necessary) | |
| 15. Continuation Sheet(s) SF-LLLA attached: <input type="checkbox"/> Yes <input type="checkbox"/> No | | |
| 16. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure. | Signature: _____ Print _____ Name: _____ Title: _____ Telephone No.: _____ Date: _____ | |
| Federal Use Only: | | Authorized for Local Reproduction Standard Form LLL (Rev. 7-97) |

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLLA Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a follow-up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.
(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLLA Continuation Sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB
0348-0046

CONTINUATION SHEET

Authorized for Local Reproduction

Reporting Entity: _____ Page _____ of _____

Standard For – LLL

EXHIBIT G
CITY OF EVERETT AND SNOHOMISH COUNTY
HOUSING AND URBAN DEVELOPMENT PROJECTS
REQUEST FOR REIMBURSEMENT / ACTUAL EXPENDITURE REPORT

Date: _____

Project Title: **Kennedy Court** Project Number: _____

Contracting Organization/Agency: **Housing Hope**

Report Period: _____

Amount of Request: _____

CERTIFICATIONS:

I, the undersigned, do hereby certify under penalty of perjury:

1. That I am duly authorized to submit this claim for reimbursement on behalf of the above Contract Organization/Agency;
2. That the enclosed Report of Actual Expenditures and documentation accurately reflects materials furnished, services rendered, and/or labor performed in furtherance of the above project;
3. That payment has been made or is currently due or obligated for such materials, services and/or labor;
4. That such expenditures or current obligation constitute allowable costs under the principles in applicable Office of Management and Budget Circulars and conform to the approved Project Budget; and
5. That the materials, services, and/or labor for which reimbursement from HUD grant funds is requested by this document have not and will not be paid for or reimbursed by any other agency, corporation, partnership, firm or individual, OTHER THAN the Contracting Organization/Agency, its officers, agents, and/or employees.

Office Use Only:

Program _____

FY _____

Obj# _____

Date Posted _____

% Complete _____

IDIS #: _____

CY _____

(Signature)

(Typed Name)

(Position)

EXHIBIT H

REPORT OF ACTUAL EXPENDITURES (To accompany Request for Reimbursement)

Project Name: Kennedy Court

Project Number: _____

Agency: Housing Hope

Report Period: _____ to _____

| CATEGORY | City HOME Budget | City HOME Expenditure (This Draw) | Total City HOME Drawn (incl. this Draw) | Total Disbursed to Date (all Sources incl. this Draw) |
|--|------------------|-----------------------------------|---|---|
| Acquisition Costs: | | | | |
| Land | | | | |
| Existing Structures | | | | |
| Closing, Title & Recording Costs | | | | |
| Extension payment | | | | |
| Other | | | | |
| SUBTOTAL | \$0 | | | |
| Construction: | | | | |
| Demolition | | | | |
| New Construction | | | | |
| Rehabilitation | | | | |
| Construction Contingency | | | | |
| Accessory Building | | | | |
| Site Work / Infrastructure | | | | |
| Off site Infrastructure | | | | |
| Environmental Abatement | | | | |
| Sales Tax | | | | |
| Bond Premium | | | | |
| Equipment and Furnishings | | | | |
| Other Construction Costs | | | | |
| SUBTOTAL | | | | |
| Soft Costs: | | | | |
| Appraisals, Market Study | | | | |
| Architect / Engineering | | | | |
| Environmental Assessment | | | | |
| Surveys - Geotech, boundary, topo | | | | |
| Legal - Real Estate | | | | |
| Developer Fee | | | | |
| Project Management / Development Consultant Fees | | | | |
| Other Consultants | | | | |
| Other | | | | |
| SUBTOTAL | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| | | | | |
|---|------------|--|--|--|
| | | | | |
| | | | | |
| Capitalized Reserves | | | | |
| Operating Reserves | | | | |
| Replacement Reserves | | | | |
| Other Reserves | | | | |
| SUBTOTAL | \$0 | | | |
| | | | | |
| Other Development Costs | | | | |
| Real Estate Tax | | | | |
| Insurance | | | | |
| Relocation | | | | |
| Bidding Costs | | | | |
| Permits, Fees & Hookups | | | | |
| Impact/Mitigation Fees | | | | |
| Development Period Utilities | | | | |
| Accounting/Audit | | | | |
| Marketing/Leasing Expenses | | | | |
| Carrying Costs at Rent up/ Lease Up Reserve | | | | |
| Other | | | | |
| SUBTOTAL | \$0 | | | |
| | | | | |
| TOTAL DEVELOPMENT COST: | \$ | | | |

AMENDED EXHIBIT I
HOME Rental Housing Completion Report

| | | |
|---|-----------------|-------------|
| Agency: <u>Housing Hope</u> | | |
| Project Name: <u>Kennedy Court Improvement Project</u> | | |
| Project Number: | | |
| OHCD Staff: | | |
| <i>The following documents are required from the agency prior to project completion and/or the release of the retainage funds:</i> | Received | Date |
| Acquisition Projects: | | |
| Appraisal/Market Analysis | | |
| Letter to seller indicating no eminent domain and identifying fair market value of property | | |
| Purchase and Sale Agreement | | |
| Date of Acquisition | | |
| Copy of closing statement | | |
| New Construction/Rehab Projects: | | |
| Contractor Bid Documents | | |
| Executed construction contract | | |
| Federal Labor Standards documentation | | |
| Intents and Affidavits for Prevailing Wages (as applicable) | | |
| Contractor Payment Request/Authorizations | | |
| Approved Change Orders | | |
| Certificate(s) of Occupancy, and/or documentation of Final Inspection, including Architect's Certificate of Substantial Completion, as applicable | | |
| Certificate(s) of Occupancy | | |
| Date of 100% qualified occupancy of all units | | |
| Final Unconditional Waiver of Liens from all contractors and suppliers | | |
| For rehabilitation projects, Snohomish County HOME Rehabilitation Standards Compliance Form | | |
| All Rental Projects | | |
| Financial report and/or Cost Certification (if required) with final Project Development Costs, including Sources and Uses | | |
| Copies of all final executed financing documents | | |
| Copy of executed property management contract, if applicable | | |
| Affirmative Marketing Plan | | |
| General/ Liability, Property Insurance documentation (per contract) | | |
| Housing Management Plan | | |
| Project Completion Report (at time of occupancy) | | |
| Project Replacement Reserves and Operating Budget(s) | | |
| Proposed Rent Level(s) documentation | | |
| Tenant Lease-up and Lease Information | | |
| Final Relocation Plan and Report, if applicable | | |
| City's Lender's Title Insurance Policy | | |
| | | |

| | | |
|---|--|--|
| Other Federal Requirement Documentation: | | |
| <i>Section 3</i> | | |
| <i>Minority/Women's Business Enterprise</i> | | |
| <i>Equal Employment Opportunity</i> | | |
| Project Specific Documents | | |
| HOME match documentation | | |
| Designation of HOME Floating Units | | |
| HOME Activity Funding Certification - IDIS | | |
| IDIS Completion Date | | |

Filed by (City Staff Initials):

In addition to the above documents, the City will be verifying the following information:

- Debarment and suspension status of all contractors and sub-contractors.
- Contractor and sub-contractor insurance.
- Contractor and sub-contractor licenses.